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THE UNIVERSITY OF ALBERTA

THE DEVELOPMENT OF CAPITALISM IN THE AREA CURRENTLY CALLED ALBERTA

by

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A THESIS
SUBMITTED TO THE FACULTY OF GRADUATE STUDIES AND RESEARCH
IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE
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DEPARTMENT OF ECONOMICS

EDMONTON, ALBERTA
SPRING, 1980

THE UNIVERSITY OF ALBERTA

FACULTY OF GRADUATE STUDIES AND RESEARCH

The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies and Research, for acceptance, a thesis entitled The Development of Capitalism in the Area Currently Called Alberta submitted by David Leadbeater in partial fulfilment of the requirements for the degree of Master of Arts.

Edward H Shaffer
Supervisor

Doug Owram

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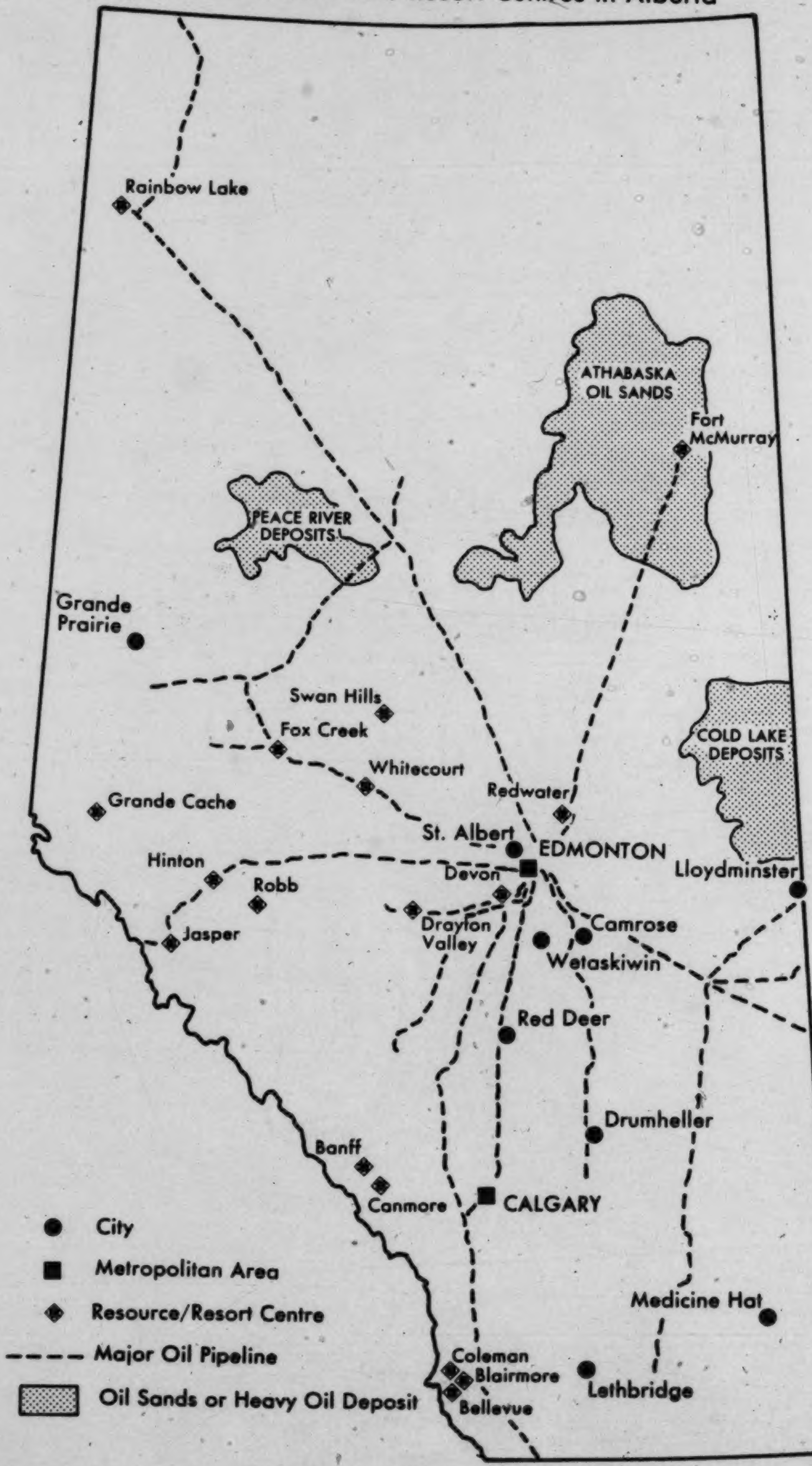
Date February 11, 1980

Oil Pipelines and Resource/ Resort Centres in Alberta


Rainbow Lake
ATHABASKA OIL SANDS
Fort McMurray
PEACE RIVER DEPOSITS
Grande Prairie
Swan Hills
Fox Creek
Whitecourt
COLD LAKE DEPOSITS
Redwater
Grande Cache
St. Albert
EDMONTON
Lloydminster
Hinton
Devon
Robb
Drayton Valley
Camrose
Jasper
Wetaskiwin
Red Deer
Drumheller
Banff
Canmore
CALGARY
Medicine Hat
Coleman
Blairmore
Bellevue
Lethbridge
● City
■ Metropolitan Area
◆ Resource/Resort Centre
- - - - Major Oil Pipeline
▨ Oil Sands or Heavy Oil Deposit

ABSTRACT

The thesis is formed into two main parts. The first part reviews some of the more prominent academic and official approaches to the development of capitalism in Alberta and the western interior of Canada. Certain features, such as the presence of imperialist ideology are noted, and consideration is given to the theme and theory of exploitation in relation to these approaches. The second part introduces a general analysis of the development of capitalism in the Alberta area of the western interior, including years prior to provincial autonomy (1905). Emphasis is placed on identifying the principal stages of capitalist development, and on analyzing the structure of economic development beginning in the formative years of internal colonization. The analysis is based on K. Marx's theory of exploitation and capitalist development and V.I. Lenin's theory of imperialism.

Preface

> Great is the power of steady misrepresentation; the history of science shows that fortunately this power does not long endure.
>
> Charles Darwin (1859)

In a recent publication entitled Living Together: A Study of Regional Disparities,[1] the Economic Council of Canada--Canada's top official economic research and advisory body--gave a dazzling but dubious display of slight-of-hand: the Council managed to overview the economic history of Canada (Chapter 1, "The Legacy of History") and certain selected theories of regional development (Chapter 3, "Economic Theories of Regional Disparities") without ever once so much as mentioning such terms as "colonialism", "imperialism", "capitalism", or "multinational corporation".[2] This is an intellectual achievement akin to reviewing European economic history without mentioning feudalism, or, perhaps, doing a design and textile analysis of the King's new clothes. But this also points out the serious need for a more objective and less mystified, not to say useful, view of regional developmnnt in Canada, in the present instance, as it has affected Alberta and the western interior.

Preceding the main body of the thesis, which outlines a proposed approach to treating the economic development of Alberta, is a section reviewing various established approaches. At the outset, some limits had to be placed on the considerable range of materials and approaches to be considered. In general, my focus has been on published "academic" and official work in the fields of economics and history. This demarcation is not intended to downplay the importance of the many other forms in which people have theorized about development in Alberta or the western interior, for example, in party programmes, newspaper columns, parliamentary debates, speeches, popular magazines, and so on. For very practical reasons--space and time--the equally important and difficult task of reviewing other theoretical work and examining its socio-economic background must be left for another day.

---

[1] Canada, Economic Council of Canada, Living Together: A Study of Regional Disparities, Ottawa: Supply and Services, 1977.

[2] Page ix of the report records that: "This report has been approved by the members of the Economic Council with the exception of Messrs. McCambly, Morris, and Taylor [labour representatives] who withdrew from an active participation in the Council in 1976".

Since in the area of economic development, the historically established boundaries of academic economics have changed a great deal during this century and since much of contemporary North American academic economics has become a barren ground for the discussion of the history of economic development, material has been used, where applicable, from several related social science disciplines, particularly history, anthropology, geography, political science, and sociology. A narrow approach to the development of capitalism in Alberta which, for instance, treats the fur trade while ignoring anthropological work, or settlement ignoring geography, or the role of the state ignoring political science, is bound by its own devices to develop serious 'blind spots'.

A preliminary question might be raised about the use of the province of Alberta as the primary focus for analysis. Without anticipating the related question of what constitutes a region, it should be noted that the thesis does not view the area of Alberta as a region of its own apart from its existence as a politically defined unit. In fact, the thesis is inclined not to accept the present boundaries of Alberta as geographically or economically 'logical'. Thus, references to "the development of capitalism in Alberta" are meant to emphasize the process in a particular area and not to prejudge the question of "regionhood" or "logical boundaries". Further, since theoretical discussions of development in Alberta, especially in the years prior to 1905, are typically treated as part of territorial development, there appears the phrase "Alberta and the western interior of Canada". Whether alone or with "Alberta", the term "western interior", which has been used by John Warkentin,[3] has definite advantages over "the West" (which includes British Columbia) or "the Prairies" (because, strictly speaking, not all the geography of Alberta is prairie). Nonetheless, while "western interior" is the preferred term, occasional use of "Prairie" has been retained to provide some variety, but on the understanding that such a term as "Prairie" (with a capital "P") has a similar meaning as western interior.

Another question relates to the notion of "approaches". This thesis is inclined towards using the term, as has been done before,[4] because it is very general if not generous. In order to sort out various "theories" of development, while recognizing that some social scientists might recoil at characterizing what appears to be loose description as theory, the notion of approaches has been used broadly to encompass any more or less self-conscious or reflective general perspective. Thus, positions which may be narrowly descriptive, or contain contradictory features, or be of an eclectic character, are included. Of course, these approaches, like all theories, are no less subject to the same criteria of scientific truthfulness: congruence with the facts, internal consistency, and adequacy.

---

[3] John Warkentin, The Western Interior of Canada: A Record of Geographical Discovery, Toronto: McClelland and Stewart, 1964.

[4] Carl Berger (ed.), Approaches to Canadian History, Toronto and Buffalo: University of Toronto Press, 1967; W.T. Easterbrook and M.H. Watkins (eds.), Approaches to Canadian Economic History, Toronto: McClelland and Stewart, 1967.

The study of economic development in Alberta is closely inter-related to the study of development in Canada as a whole. A survey of the material relevant to the western interior must include a considerable amount of the general historiography and bibliography of Canada. Some of this has been incorporated as the thesis proceeds and in the selected bibliography. The study of Alberta is also inter-related to world development, which has received remarkably less attention. The problem of relating the history of Alberta's regional development to Canadian and world development raises major theoretical issues. Some valuable work has been done at a general level with regard to European development,[5] but a virtually open field remains for Canada--and the western interior.

On a final note, perhaps to anticipate a certain sort of criticism, I would like to make a brief comment relating to 'academic economics'. The impetus behind organized theoretical work is usually found outside academic quarters in the essentially 'practical' problems of life. Economics, least of all disciplines, should not be worried by such an assertion. It also occurs in societal interaction that academic theorizing has its own impact, which at times is considerable. Despite the oft-repeated claims--including in shallow textbooks--of 'neutrality' and 'value-free' economics, professional economists are not Cartesian minds living in bell jars. Indeed, many are anything but shy in propounding, for a decent salary, the positivistic joys of neoclassical economics.

---

[5] See, in particular, Alexander Christozvonov, "Stage and Regional Study of Bourgeois Revolution in Europe in the 16th-18th Centuries", Social Sciences (U.S.S.R. Academy of Sciences), Vol. 4, No. 4, 1973, pp. 105-120.

It will not take great imagination to see that this thesis, no less than the work of my economics seniors, also has its particular partisanship. And, no less than in their practice, I take it that partisanship is not necessarily in contradiction with objectivity and scientific inquiry. The real threat to truth lies in the "Furies of private interest", including in the academic realm where, the great predatory motive of capitalism--whatsoever things are privately profitable--still has a considerable force.

That modern neoclassical economics, the ideological offspring of imperialism, holds sway in most Canadian academic economics has not been ignored. But neither has it been ignored that the fortunes of the "dismal science" are hitched to a system already on the historical slipway. Hopefully, if this thesis exercise can accomplish anything (other than exhaust the author and typist) it is, perhaps, in helping to position another skid under the imperialist edifice for the final send-off.

* * *

Before passing to the thesis material itself, the following two suggestions may be of use in tackling the reading. Firstly, since the body of the thesis presupposes some knowledge of certain basic terms and definitions (such as "commodity production", "capitalism", "imperialism", etc.), there has been included an appendix which is intended to provide necessary background material. Readers wishing this information or clarification should begin with or refer to Appendix II.

Secondly, the body of the thesis can be divided in two parts, with the second and principal part starting at Chapter 5. The first part, which is comprised of a 'literature review' (Chapters 1 to 3) and the consideration of the theme and theory of exploitation (Chapter 4), is not essential for those readers wishing to begin directly with the proposed analysis of Alberta's development.

TABLE OF CONTENTS

CHAPTER PAGE

1. Early Approaches to the Development of Alberta and the Western Interior of Canada 1
2. Post-World War I Approaches to the Development of Alberta and the Western Interior of Canada 23
3. Contemporary Approaches and Trends in the Study of Development in Alberta and the Western Interior 106
4. Approaches to Exploitation 141
5. The Periodicization of Development in Alberta and the Western Interior 181
6. The Beginnings of Capitalist Development in Alberta and the Western Interior 198
7. The Impact of Monopoly Capitalism 270
8. The Other Sides of Imperialism 322
9. The Maturing of Capitalism and the Rise of the Working Class in Alberta 373
10. The Emergence of State-Monopoly Capitalism and the White Settler State in Alberta 440

Bibliography 625

Appendix I 508

Appendix II 579

LIST OF TABLES

Table	Description	Page
6.1	Net Operating Miles of Railway Track in Canada, 1840-1970	237
7.1	Number of Consolidations in Canada for Years, 1900-1933	275
7.2	Gross Value of Production in Alberta for Selected Industries, 1901-1936	279
7.3	Production and the Productivity of Labour in Alberta Coal Mines, 1886-1971	294
7.4	Estimated Index of Exploitation in Alberta Coal Mining	308
8.1	Number of Chartered Banks and Branches, Amalgamations and Insolvencies for Selected Years	323
8.2	Estimates of Foreign Capital Invested in Canada for Selected Years, 1900-1960	336
8.3	Canadian Capital Invested in Other Countries for Selected Years, 1900-1960	337
8.4	New Registrations of "Foreign" (or Extra-Territorial) Companies under North-West Territories Legislation until 1905	339
9.1	Value-Added in Production in Alberta, 1920-1975	377
9.2	Comparative Market Concentrations of Selected Industries in Alberta, Ontario and Canada, 1965	380
9.3	Total N.W.T. Incorporations of Companies Situated in Alberta by Mode of Incorporation and by Year, 1878-1905	390
9.4	Authorized Capital of Alberta-Situated Companies Incorporated under N.W.T. Companies Ordinances by Size of Capital and Year, 1887-1905	394
9.5	Geographical Distribution of Alberta-Situated Companies Incorporated under N.W.T. Companies Ordinances by Year, 1887-1905	396

Table	Description	Page
9.6	Sectoral Distribution of Alberta-Situated Companies Incorporated under N.W.T. Companies Ordinances by Year, 1887-1005	397
9.7	Mortality of Alberta-Situated Companies Incorporated before 1906 According to Companies Branch Records	398
9.8	Alberta Incorporations and Foreign Companies Registrations, 1905/6 - 1912	399
9.9	The Growth of the Wage and Salary Earning Population in Alberta	402
9.10	The Labour Force in Alberta Agriculture, 1885-1971	405
9.11	Alberta Farms by Number and Area, 1901-1051	408
9.12	Urban Population as a Proportion of Total Population Compared in Alberta, Canada, and Ontario, 1901-1971	410
9.13	Trade Union Unemployment in Alberta, Ontario, and Canada, 1919-1949	417
9.14	Average Cost Per Week of Staple Foods in a Family Budget by Province, 1900-1937	419
9.15	Power Equipment in Alberta Manufacturing for Selected Years, 1900-1946	423
9.16	Strikes and Lockouts in Alberta, 1902-1978	430
9.17	Strikes and Lockouts in Canada, 1901-1977	431
9.18	Alberta and Canadian Labour Union Membership for Selected Years, 1962-1977	436
10.1	Federal Government Budgeting Expenditures, Revenues and Debt for Selected Years, 1867-1976	441
10.2	Alberta Government Revenues, Expenditures and Debt, 1905-1972	444
10.3	Railway Mileage in Alberta, 1905-1947	452
A.1	Incorporations of Privately Owned Companies in Alberta Under N.W.T. Companies Ordinances	509
A.2	Dissolutions of Companies Incorporated in the N.W.T.	535

Table	Description	Page
A.3	Changes in the Capital Stock of Companies Incorporated in the N.W.T.	537
A.4	Incorporations of Privately Owned Companies in Alberta under the N.W.T. Butter and Cheese Manufacturing Associations Ordinances	538
A.5	Incorporations of Privately-Owned Companies in Alberta under the N.W.T. Butter and Cheese Manufacturing Associations Ordinances	543
A.6.	Incorporations of Privately Owned Companies in Alberta under the N.W.T. Cemeteries Ordinances	545
A.7	Incorporations of Alberta "Lodges" under the N.W.T. Masonic Incorporations Act	547
A.8	Incorporations of Privately Owned Companies in Alberta under the N.W.T. Mutual Fire Insurance Ordinance	548
A.9	Registrations under N.W.T. Trust Companies Ordinances	549
A.10	Registrations of "Foreign" Companies in the N.W.T.	550
A.11	Official Statistics of Strikes and Lockouts in Alberta, 1901-1978	574

List of Maps

Map	Description	Page
1	Oil Pipelines and Resource/Resort Centres in Alberta	Frontis Page
2	Areas Covered by Treaties of Land Cession	231
3	Political Evolution of Canada, 1870-1906	257
4	Alberta in North America - Alberta-Based Pipelines	494

Chapter One

Early Approaches to the Development of Alberta and the Western Interior of Canada

> . . . shall we go on conferring one Civilization upon these people that sit in darkness, or shall we give those poor things a rest? Shall we bang right ahead in our old-time, loud, pious way, and commit the new century to the game; or shall we sober up and sit down and think it over first? Would it be prudent to get our Civilization tools together and see how much stock is left on hand in the way of Glass Beads and Theology, and Maxim Guns and Hymn Books, and Trade Gin and Torches of Progress and Enlightenment (patent adjustable ones, good to five villages with, upon occasion), and balance the books and arrive at the profit and loss, so that we may intelligently decide whether to continue the business or sell out the property and start a new Civilization scheme on the proceeds?
>
> Mark Twain (1901)

In studies of the development of Alberta and the western interior of Canada one can discern four principal phases, marked off by the major periods of intensified socio-economic crisis which have beset Canada in the twentieth century.[1]

The first major phase was of writings done in the pre-World War I years and the years until about 1917. J.M.S. Careless has termed this the era of the "Britannic School" since the writers of this group "were often convinced imperialists of the later nineteenth and twentieth centuries and were closely attached in sentiment and background to Great

---

[1] These periods are: the First World War and its aftermath; the Great Depression, the Second World War, and its aftermath; the later 1960s and 1970s.

Britain."[2] During these years colonialism and imperialism rose to their peak. Most writings were deeply impregnated with the ideology of imperialism; indeed, one can scarcely turn a page without confronting the legitimation of notions of national, racial, and class superiority which, whether consciously or non-consciously employed, are hallmarks of imperialist thought. Typically, the expansion of capitalism was equated with the advance of 'civilization' and 'progress', and clearly evident was the general historical optimism of an expanding and aggressive capitalism. Philosophically, a crude historical idealism provided the limited theoretical basis of most writing.

The first books tended to concentrate on the newly formed province of Manitoba (1870) and were often explicitly promotional, for immigration or investment purposes. Among the earliest writers were Alexander Begg, John Macoun, George Bryce,[3] and Graeme Adam.[4] John Macoun's Manitoba and the Great North-West[5] was a compendious work containing promotional and factual material, such as on minerals, flora, and fauna, useful for colonization and in investment. Perhaps the most prolific was Alexander Begg, who introduced some manufactured goods to the Red River settlement and was a leading merchant there until he retired to Victoria, B.C. Begg contributed a chapter to Macoun's book, in which he compared stockraising in southern Alberta with Montana, as one who had "spent the season of 1881 examining both sections with a view of establishing a ranch".[6] Begg had produced a promotional book a little earlier, but his major History of the North-West was published in 1894. This three-volume history was dedicated with fawning praise to "Sir Donald A. Smith, K.C.M.G., Governor The Hudson's Bay Company, Etc., Etc., Etc."[7] Typical of the colonialist perspective is the following:

---

[2] J.M.S. Careless, "Frontierism, Metropolitanism, and Canadian History", in Carl Berger (ed.), Approaches to Canadian History, Toronto: University of Toronto Press, 1967, p. 64. First printed in the Canadian Historical Review, Vol. XXXV, No. 1, March 1954.

[3] George Bryce, Manitoba: Its Infancy, Growth and Present Condition, London: Marston, Searle and Rivington, 1882.

[4] Graeme Mercer Adam, From Savagery to Civilization; the Canadian Northwest: Its History and Its Troubles, from the Early Fur-trade to the Era of the Railway and the Settler; with Incidents of Travel in the Region and the Narrative of Three Insurrections, Toronto: Rose Publishing, 1885.

[5] John Macoun, Manitoba and the Great North-West; the Field for Investment; the Home of the Emigrant, Being a Full and Complete History of the Country, Guelph: The World Publishing Company, 1882.

> The march of civilization in the North-West then began [following the passing of the Manitoba Act in 1870], and today, instead of being a vast hunting ground and wilderness, it is the home of thousands of thrifty settlers, and with its great transcontinental railway from ocean to ocean, placed Canada in the proud position of being one of the brightest jewels in the British Crown.[8]

Around the turn of the century there was a growing number of writings on the North-West loudly trumpeting the ideology of imperialism. Notable among these were a book by E.B. Osborn[9], the writing of which was stimulated by the Yukon gold discoveries, and the work of R.G. MacBeth. While MacBeth did not develop a theory of development as such, he did enter into some argumentation in the first chapter of The Making of the Canadian West against the view that the Hudson's Bay Company was a "determined and active opponent of . . . settlement and progress" and, in doing so, raised implicitly some questions of theoretical significance about the socio-economic forces leading to capitalist expansion.[10] In a later book, The Romance of Western Canada (1918), MacBeth revealed explicitly the kind of racist approach which prevented a realistic treatment of settlement and capitalist expansion. Here he discussed "Alberta's New North", the Peace River country:

---

[6] Alexander Begg, "Stockraising in the Bow River District compared with Montana", in John Macoun, op. cit., Chapter XVI, pp. 269-281.

[7] Alexander Begg, The Great Canadian North West, Montreal: Lovell, 1881.

[8] Alexander Begg, History of the North-West, Toronto: Hunter, Rose and Company, 1894, Vol. I, p. vi.

[9] E.B. Osborn, Greater Canada: The Past, Present and Future of the Canadian North-West, London: Chatto and Windus, 1900.

> If we keep in mind our postulate, that a country's real history only begins with its colonization, then the Peace River country has no real history earlier than a generation ago; but, leaving out the prehistoric times, when "wild in woods the noble savage ran", we recall the fact that for a century and a half the old fur-traders and explorers passed and repassed through the vast north land. . . . our main interest now is not with the days of the explorer, who was not looking specially towards the possibility of colonization. Rather we are concerned with the work of those who labored and left on record their expectation that here, some day, many thousands of people would have happy and prosperous homes.[11]

There was also a growing interest in the "romance" of early European exploration and railway development. Agnes C. Laut's The Conquest of the Great Northwest[12], with its frontispiece of Donald A. Smith, and Lawrence J. Burpee's The Search for the Western Sea are notable parts of the imperialist barrage. Burpee's approach is based on the idealist notion of "call", although modified by geographical factors:

---

[10] R.G. MacBeth, The Making of the Canadian West: Being the Reminiscences of an Eye-Witness, Toronto: William Briggs, 1898 (reprinted, 1973), Chapter I, "Musings on the Old", pp. 11-18.

[11] R.G. MacBeth, The Romance of Western Canada, Toronto: William Biggs, 1918, pp. 236-237.

[12] Agnes C. Laut, The Conquest of the Great Northwest: Being the Story of the Adventurers of England Known as the Hudson's Bay Company, Toronto: Musson Book Company, 1908, 2 Vols..

> The call of the west, though the phrase may seem a somewhat fanciful one, has been from the beginning a vital factor in the exploration of America. It may perhaps be defined as the spirit of adventure of a vigorous people acting upon a deep-rooted racial tendency to follow the path of the sun. In any case it acted like a magnet to the nations of Western Europe. . . . In their case, however, the call of the west was combined with other and more tangible influences. Columbus, the Cabots, Verranzo, Jacques Cartier, and the rest of that wonderful group of transatlantic voyagers sought primarily a short western route to China and the Indies. Behind it all was the lure of the setting sun and the adventurous spirit of their race, but on the surface at least was the eminently practical incentive of reaching golden Cathay.[13]

Several writings extolled the prominent position of and transformation wrought by the railways and their owners[14], but few broached a generalized approach to development significantly different from the prevailing imperialism.

A major series on the British empire, A Historical Geography of the British Colonies, included a volume on Canada by Hugh E. Egerton. Here, in a typical fashion, was the preoccupation of imperialist ideology with "race" and "national character" as revealed in the context of inter-imperialist rivalry with the United States:

> The existence of different provinces and different districts of the same province has prevented the agglomeration of population in large centres, one of

---

[13] Lawrence J. Burpee, The Search for the Western Sea: The Story of the Exploration of North-Western America, New York: The Macmillan Company, 1936, (First edition, 1907), p. xiii.

[14] See, for example, Frederick A. Talbot, The Making of a Great Canadian Railway, Toronto: The Musson Book Company, 1912; O.D. Skelton, The Railway Builders, Toronto: Glasgow and Brooke, 1916; and James W. Davidson, "The Canadian Northern Railway", Queen's Quarterly, Vol. XIV, No. 2, October 1906, pp. 97-108.

> the most disquieting features of modern civilization. As we meet it in England, the new national type which is arising is in some ways a blend of the American and the British types. That American civilization has invaded, and will increasingly invade, Canada cannot be denied, and the national character has already much of the quickness, the absence of mauvaise honte, the adaptability, which we think of as peculiarly American. Still, the fundamental qualities of the Canadians revert to British and French ancestors, and there is no broadly marked distinction in their case, as in the United States, between the nervous dyspeptic business man of the eastern cities and the hardy western farmer.
>
> In spite of our boasted civilization and Christianity, behavior in war is still, perhaps, the ultimate test of the virtue of nations; and tried by that standard the experience of the South African War would seem to show that the Canadian would not be wanting.[15]

Numerous variations of this sort of historical approach appeared during the period (and continue in certain forms today), but their salient feature was pervasive and clear: an emphasis on "racial character" and "national character" as a fundamental determinant or explanation of economic 'progress'. The maleability of the ideology, which was closely associated with the ideas of "Social Darwinism", revealed itself in the appearance of a related approach that alleged a type of "regional character" as a motive force in development. The following excerpt from J.C. Gwillim hints at this notion as well as an "eastern man's burden" in upholding the costs of 'civilization' on the Prairies:

> There is no wild and wooly west, whatever it may have been in the days of Colonel Steele and of the building of the Canadian Pacific Railway. . . . All the same, east is east, and west is west, and there is a difference in the people, a difference which the westerners sometimes take a pride in,--a kind of broader gauge in all transactions of life. Yet when one comes to look into the matter this should be more a matter of gratitude to the east than a reproach at its "copper cent" ways. It is youth, full of health and ambition,

---

[15] Hugh E. Egerton, A Historical Geography of the British Colonies, Oxford: Clarendon Press, 1908, Vol. V, Canada - Part II, pp. 341-342.

> impatient of experience and wisdom; for the people of the west have been drawn very largely from the strength and enterprise of older countries, they have gone into a spacious country having few of the burdens of their old homes. They have left, for a time, the old, the sick, the criminals and unfortunate behind them, and are not taxed at every turn by systematic drafts upon their resources to provide for those who are non-producers in the many paths of older civilization.[16]

A considerable source of information and views on the pre-World War I western interior were the visits of journalists, travellers, and clergymen;[17] however, here also there was little approaching a theory of development, and a lot dealing with casual, if interesting, observation and promotion. Probably the material which came closest to a theory of development of Alberta or the western interior was contained in the major twenty-three volume series, Canada and Its Provinces: A History of the Canadian People and their Institutions by One Hundred Associates, published in 1913 and 1914 under the general editorship of Adam Shortt and Arthur G. Doughty.

The Canada and Its Provinces series culminated the period of "high imperialism" prior to World War I. Among its writings, which tended to be more sophisticated than most previous writings, were several contributions of relevance to Alberta and the western interior. For example, O.D.

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[16] J.C. Gwillim, "A Glimpse of the Canadian West", Queen's Quarterly, Vol. XVIII, No. 1, July 1910, pp. 49-50.

[17] See, for example, Frank Carrel, Canada's West and Further West: Latest Book on the Land of Golden Opportunities, Toronto: Musson Book Company, 1911; Agnes Deans Cameron, The New North: Being Some Account of a Woman's Journey through Canada to the Arctic, New York and London: D. Appleton and Appleton, 1912; J. Burgon Bickersteth, The Land of Open Doors: Being Letters from Western Canada, 1911-13, Toronto and Buffalo: University of Toronto Press, 1976 (first edition, 1914); Mary Quayle Innis, Travellers West, Toronto: Clarke, Irwin and Company, 1956; Lewis H. Thomas, "British Visitors' Perceptions of the West, 1885-1914", in A.W. Rasporich and H.C. Klassen (eds.), Prairie Perspectives 2, Toronto and Montreal: Holt, Rinehart and Winston, 1973, pp. 131-196.

Skelton, in his General Economic History of the Dominion, 1867 - 1912, treated the "opening of the west" as the result of a "fortunate conjuncture" of favourable circumstances.

> At last Canada's hour had struck. The settlement of the western plains had long dragged on with disheartening slowness, and eastern development, except in the two or three largest cities, had kept the same pace. Then after 1896 a fortunate conjuncture brought a sudden and remarkable change. World-wide factors played a part; population and consumption were again overtaking production, and increasing gold supplies and other forces were raising prices; wheat and cattle rose once more to profitable levels. The United States situation was of determining importance; the rapid growth of its urban population, simultaneously with the ending of the fertile homestead areas . . . Western Canada offered limitless land, cultivated by the methods familiar in the western states, and available at a fraction of the price . . . Individual farmers and land companies saw the harvest to be reaped in the inevitable rise in land values, and the northward trek began. In Canada itself, experience was enabling the western farmer to cope more effectively with frost and drought, and bountiful harvests in areas once stamped barren lured the home-seekers.
>
> The treasures below the soil were discovered and developed in the same period as the treasures in the soil. . . . On all sides the natural wealth of the country called for men and money to develop it.[18]

Skelton's general approach involved the recounting of the growth of certain institutions of capitalism but within the perspective of imperialism.

A similar approach is apparent in the first economic history focused specifically on the western interior, "Economic History of the Prairie Provinces, 1870 - 1913", by J.W. Dafoe. Dafoe's treatment was another of the many which described the spread of institutions of 'civilization' in the face of Indian and "half-breed", not to mention, geographical resistance:

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[18] O.D. Skelton, General Economic History of the Dominion, 1867 - 1912, Toronto: The Publishers' Association of Canada, 1913, pp. 191-192.

> The Indians of Manitoba living in proximity to the white settlements were partially civilized, many of them professing the Christian religion; but the great bands roaming over the plains and following the buffalo were as wild and savage as their brethren to the south of the international line, whose subjection to the civil law was only brought about by extensive military operations, carried on over a series of years.[19]

Furthermore, the perspective was a clear ideological legitimation of the Canadian ruling class.

> Canada, taking over this vast stretch of country, found herself faced with a series of related problems of the greatest magnitude. The Dominion had embarked upon this enterprise because her public men had faith that this new land, by affording homes to the younger generation and to settlers from other lands, would add to the prosperity and greatness of the Dominion. Before settlement was possible many things in the way of preparation had to be done. The West must be brought into closer relations with the East. . . . The West had, further, to be put in shape for settlers when they arrived. This involved such tasks as quieting the Indian and half-breed titles to the land; surveying the prairies and making them available for the settlers upon some simple, practicable basis; providing roads and railways; and maintaining law and order over a territory half as large as Europe, the hunting grounds, at that time, of savage tribes of Indians.[20]

In the end, it was Dafoe's own words which summarized a major type of imperialist perspective:

> This, in brief, is the story of social and economic development of Western Canada during the forty years that have elapsed since the country became part of the Dominion of Canada. It constitutes a veritable

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[19] J.W. Dafoe, "Economic History of the Prairie Provinces, 1870 - 1913", in A. Shortt and A. Doughty (general eds.), Canada and Its Provinces, Vol. 20, p. 286.

[20] Ibid., pp. 286-287.

> romance, not easily matched in the world's records.[21]

Of the several writers of the period of high imperialism, there are two who deserve special mention, since they were, perhaps, the outstanding figures of the period: Adam Shortt (1859 - 1931) and Edmund H. Oliver (1882 - 1935).

As an editor of the Canada and Its Provinces series and the leading economic historian of the pre-World War I period in Canada, Adam Shortt[22] did not deviate fundamentally from the dominant imperialist perspective of development in the western interior; however, it is worth noting some early criticisms he made of crude imperialist promoters. In particular, his two expressive articles published in the Queen's Quarterly in 1895 launched a scathing attack on the promotional literature of prairie colonization. In the summer of 1894, Shortt had delivered some University Extension lectures in southern Alberta. During his visit he became acutely aware of the dishonesty of government and private writings on the west intended, in particular, to encourage immigration.

> The fact is that the immigration literature circulated with regard to Alberta and other parts of the North-West, is grossly deceptive and, instead of being beneficial to the country, is proving its most serious drawback. . . . Although some parts of the

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[21] Ibid., p. 328.

[22] For further on Adam Shortt, see Crawford D.W. Goodwin, Canadian Economic Thought: The Political Economy of a Developing Nation, 1814 - 1914, Durham, N.C.: Duke University Press, 1961; W.A. Mackintosh, "Adam Shortt", in R.C. Martin (ed.), Some Great Men of Queen's, Toronto: University of Toronto Press, 1941, pp. 115-133; and R.F. Neill, "Adam Shortt: a bibliographical comment", Journal of Canadian Studies, Vol. 2, No. 1, 1967, pp. 53-55; Carl Berger, The Writing of Canadian History, Toronto: Oxford University Press, 1976, especially, pp. 21-31.

> country are really well supplied with natural resources, yet only a limited number can be made available during the early stages of the country's growth. There is a natural sequence in the development of a country's wealth, and, if the primary resources and advantages are defective, the existence of secondary ones in great abundance is of little avail. . . . the idea is given that coal may be had for almost nothing, and so it may in many places, but as a rule little else that is available may be had just there, and so the settlers find that to make a living they must dwell ten, twenty, fifty or a hundred miles from available coal supplies. . . . In places within ten miles of open coal mines I have found coal selling for twice and even three times what it sells for in Ontario. But with all its coal resources which are evidently quite extensive, the great majority of settlers in Alberta still use wood for burning and often draw it very long distances.[23]

Shortt made. other telling points against the promotional literature of the time, and even fingered certain of its sources:

> Several of those who have written letters for the Government or the C.P.R. are really prosperous settlers, but few of these are dependent upon ranching or farming. In most of the publications the letters given are mainly from merchants and other middle men, real estate and other agents, government officials of various grades, including immigrant agents, money-lenders, local preachers and even occasional travellers. Now, of course, most of these persons are directly interested in simply getting people to come into their neighborhood in order that they may make profits out of them in one form or another.[24]

Nonetheless, Shortt did not develop a generalized interpretation of development in the western interior. Instead, most of his thoughts were focused quite specifically on attacking established policies:

> Why should a country like ours be under the necessity of advertising itself in this way, and begging for population? . . . This I take to be a fair illustration of the loss of dignity and self-respect,

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[23] Adam Shortt, "Some Observations on the Great North-West", Queen's Quarterly, Vol. II, No. 3, January 1895, pp. 189-190.

[24] Ibid., pp. 187-188.

> the disregard of all the loftier elements of national achievement and of all that is noble and refining in patriotic sentiment which must accompany the holding of one's country and citizenship so cheap and common as to advertise them in this eager and commercial fashion. One has only to read the statements of the Government and the criticism of the Opposition to recognise that almost none of the loftier ideas of national development and patriotic citizenship enters into this craving for population, but simply ideas of commercial and speculative advantage.[25]

Then, often, justification fell back on prevalent imperialist ideological premises. Thus, Shortt continued:

> We cannot excuse this on the ground that the economic base of the state is the first thing to be attended to and, that secured, the rest will all come right in time. Biological science and human history alike tell us that unless we begin with a good sample of a race of high social capacity no great civilization can be expected. . . . A primitive people may, in the course of time, develop a high civilization if it has the germ of great things in it, but the retrograde specimens of a developed people never amount to anything. Contrast the quality of the New England element in the American Republic with the quality of the Poor Whites of the Southern States.[26]

Tied together with his biological determinism were certain laissez-faire conceptions about the role of the state:

> The better class of British settlers, however, the shrewd, intelligent, self-reliant immigrants who came to the country on their own account, have neither the excuse nor the desire to hold the Government responsible for their success, and, together with similar settlers from Canada and the United States they form the intellectual and social backbone of the country. Still, the tendency to regard the Dominion Government as a kind of donkey engine for assisting settlers in all sorts of ways, is very strong, and the organizing of various influences to operate upon the government for special purposes expresses the chief political activity of the Territories.[27]

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[25] Ibid., Vol. III, No. 1, July 1985, pp. 12-13.

[26] Ibid., p. 13.

[27] Ibid., p. 16.

Shortt's articles on the North-West, while written prior to the so-called "wheat boom" era, reflected a heightened Canadian nationalism, although of a bourgeois and Anglo-chauvinist nature. Even on the matter of the wheat staple, Shortt had a racially-based criticism:

> If, then, the Government and the C.P.R. continue to send to the North-west a population capable only of wheat raising, they are courting disaster. The lesson to be drawn from the signs of the times is that Canada must promptly give up the idea of becoming a regular wheat-exporting country, and must find either new uses for its wheat at home, or cease to grow so much of it. Leaving wheat growing to more undeveloped races, Canada may find a higher destiny for her people in producing those things which require for their production, intelligence rather than muscle, and in producing which there is therefore less tendency to overcrowding.[28]

The other major early figure was Edmund H. Oliver, whose position rests not as an early economist, but as an historian of the western interior. Oliver's approach also falls within this framework of imperialist ideology, although generally clearer and more analytical in approach. His idealistic historical basis is evident right from the start of his contribution to the Canada and Its Provinces series:

> The Canadian Provinces of Alberta and Saskatchewan resulted from three constructive conceptions on the part of the Dominion government, a logical and inevitable development of policies, separated from each other by periods approximately a decade and a half. The acquisition of the territory in 1870 from the Hudson's Bay Company gave Canada the land. The building of the Canadian Pacific Railway (1880 - 85) rendered access to the country possible and easy. A vigorous immigration policy since 1897 has peopled the land with settlers. These settlers have attained a material prosperity and these provinces have gained an influence in the economic and political life of the whole nation that pioneers even in their

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[28] Ibid., p. 21.

> most sanguine dreams could never have anticipated.[29]

Even in his treatment of constitutional development, Oliver reflected imperialism in 'boosting' the significance of the western interior:

> The country west of Hudson Bay has enjoyed a longer continuous connection with Great Britain than any other portion of the Dominion of Canada. Its annals are richer in the romance of the fur trade, more laden with the achievements of explorers and hunters, and more marvellous in the sudden influx of peoples and growth of railways than are those of any other part of the country. It has also witnessed a greater variety of experiments in government than any other section of the Dominion.[30]

Again, the Native population did not figure into the ideological scheme of things, other than as an obstacle to 'progress'. Oliver noted that "The crushing of the half-breed rebellion of 1885 made the prairies forever a safe habitation for the white population"[31], and praised the decade following the construction of the C.P.R. as "wonderfully constructive":

> If the coming of the Canadian Pacific Railway was the inauguration of the new order for the white settlers, the insurrection of 1885 was the final passing of the old order for the original inhabitants of the plains. The crushing of the Riel Rebellion definitely gave the North-West over to order and progress.[32]

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[29] Edmund H. Oliver, "Saskatchewan and Alberta: General History, 1870 - 1912", in A. Shortt and A. Doughty (general eds.), Canada and Its Provinces, Vol. 19, p. 147.

[30] E.H. Oliver, The Canadian North-West: Its Early Development and Legislative Records, Ottawa: Government Printing Bureau, 1914, Vol. 1, p. 20.

[31] E.H. Oliver, "Saskatchewan and Alberta: General History, 1870 - 1912", p. 151.

[32] Ibid., pp. 162, 163. See also E.H. Oliver, "The Settlement of the Prairies, 1867 - 1914", in J.H. Rose, A.P. Newton, and E.A. Bevans (general eds.), The Cambridge History of the British Empire, Cambridge: Cambridge University Press, 1930, Vol. VI, Chapter XXII.

Oliver's general approach was crystallized in his 1930 paper to the Royal Society of Canada, "The Institutionalizing of the Prairies". While there was greater emphasis on the geographical impact of the prairies, perhaps, a reflection of growing interest in the "frontier thesis", the idealistic historical position still came out clearly. Oliver treated capitalist expansion in the western interior as, in effect, "a succession of creative impulses":

> But the sketch of the rise of political and local governmental institutions since 1870 has suggested a succession of creative impulses in the life of the Prairies. The decade following 1882 was creative. The decade following 1897 was creative. A third period, beginning 1910, was interrupted by the Great War.
>
> It is believed that there have been four creative elements distinctive to the life of the Prairies. These are:
>
> (1) The struggle against the handicap of distance. The outstanding creative impulse was the coming of the Canadian Pacific Railway.
>
> (2) The victory over drought. The outstanding creative impulse was the introduction of the summerfallow by Dr. Angus McKay with a view to conserving moisture.
>
> (3) The campaign to attract settlers. The outstanding creative impulse was the work of Clifford Sifton.
>
> (4) The development of the co-operative idea.
>
> Without these creative conceptions and achievements cannot be understood the economic and social life of the Prairies, the effort to correct its isolation, the early and extensive use of rural telephones, the growth of the Church Union Movement, the extension of branch lines of railway, the expansion of the agricultural industry and the emergence of Farmers' organizations up to and including the Wheat Pool, the problems associated with the New Canadians.[33]

Throughout the entire pre-World War I period there was only one significant history written specifically on Alberta. This was Archibald Oswald MacRae's History of the Province of Alberta, published in 1921. MacRae

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[33] Ibid., pp. 20-21.

(1869-1963), who was the principal of Western Canada College in Calgary, accumulated a considerable mass of detail in his two-volume history, although concentrated mainly in the years prior to "the advent of the whites on the prairies and foothills of what is now marked out as the Province of Alberta"[34] and on biographical sketches of nearly 600 leading figures. The approach taken by the author reflected a typical Eurocentric form of imperialist ideology and did not formulate a general theory of development so much as recount the 'facts of progress'. In reflecting a certain influence of German scholarship of the time, he commented in the Preface:

> And as the men who represent the syndicate, that have promoted this work, have gone about Alberta, they have frequently been met with the remark "A History of Alberta! Your author proposes to write a History of Alberta! Why, there is no History of Alberta; the Province is but of yesterday! The country, as a place of authentic History, is but in swaddling clothes. To speak of history in such a connection is to laugh." And this is true. No one is more conscious of the truth of such a pertinent criticism than the writer. But while there is no History, while there are no great movements, no great developments, nothing to bring before the world's tribunal, there is wealth, a great wealth of incident. And it is this wealth of incident and its relation to the present life of the Province, that the author has attempted to delineate. . . . he ventures the hope that what he has gathered, what he has learned, what he has been able to piece together, will not be without its interest to the present day population of a Province with extraordinary possibilities. He has deemed it wise to spend time and energy in attempting to describe the life and character, the effort and experience of the pioneers in the foothill Province. But it is not merely the history (if he may use such a term) of the white Bahnbrecher (pathbreakers) that he has labored to present, it is also the romantic traditions, the unique features of Indian tribes and peoples.[35]

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[34] A.O. MacRae, History of the Province of Alberta, Calgary: Western Canada History Company, 1912, Vol. I, p. v.

[35] Ibid., pp. iii-iv.

MacRae's interest in the "Red Race" was much greater than most writers of the time, but it was, like most, deeply racist:

> These peoples and tribes on the Western rivers and plains lived the life of feeling and imagination, a life not ruled by the dictates of any well developed or well trained reason. But because this life was so elemental, so full of passion and desire and imagination, there were romantic strains, poetic possibilities, outbursts of picturesque eloquence that were significant, especially to the comparative psychologist. They showed the human race in the childlike period, the period when generations of men and women came and went without being touched by the forces of civilisation, without passing beyond the stage when love and lust, appetite and gormandising, injury and revenge, were strangely intermingled. The thoughts and fantasies of such a nature-people must have been strangely like the dream consciousness of the animals in some respects, and yet there was distinctiveness.[36]

Moreover, despite MacRae's claimed interest in the "book of Indian life and conduct and experience", there is no room for Native figures in over a volume and a third of syrupy biographies of the white settler bourgeoisie.

MacRae's history is suffused with the optimism of a rising and prosperous class:

> The marked progress of Alberta in all departments of modern civilized life has been the wonder of present day observers. . . . The Province bears all the earmarks of a country that has wonderful promise for the future. There can be no doubt that it will be the home of many hundreds of thousands, and with the astonishing wealth of natural resources it can confidently look forward to be the rival of the oldest and wealthiest of the Provinces of the Canadian Confederation.[37]

But such confidence was soon weakened by the general crisis which broke out during World War I. In a book written in the later 1920s under the pen-name "Politicus", MacRae reflected an embittered anger and prevalent disillusionment:

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[36] Ibid., p. 60.

[37] Ibid., pp. 473,474.

> It is pathetic to hear the confession of a man who was young in 1900, and who, filled with enthusiasm for his Canada, was a red-hot Imperialist. . . . Hear his words. "I have given up hope now of seeing Canada any more than what she is in population, in my time. I see a few richer, a few in great power, and spreading themselves in a commercial way; but Canada as a promised land, that should be filled with the chosen overflow from Britain and with the best from Europe, has neither the power to attract nor yet to hold those that should be her settlers. She has been made a way-station. . . ."
>
> The Twentieth Century was to have been Canada's Century; it was to have seen this Lion's Whelp rise out of tutelage to be master of his destiny, and take his place beside the best in a community of nations, inspired with the Imperial idea of Anglo-Saxon Brotherhood, and with the enthusiasm for a future federation of the great human family.
>
> And what a disillusioned individual is the hopeful young Canadian student of history, who dreamed such a dream.[38]

In pointing to the several examples above of the influence of imperialist ideology in approaches to the development of the western interior and Alberta, one is only, in a sense, scratching the surface of a profound world-wide phenomenon. The material basis of the ideological outpouring was the expansion of capitalist colonialism and the rise of modern imperialism, and it is in relation to the development of capitalism, through all its many and varied phases, that future analysis of the ideological underpinnings of the approaches needs to proceed. Such as yet uninitiated study will help realize a more objective estimate of the historical significance both of the approaches as a whole and of particular approaches, including their pervasiveness, their internal differentiation, and the tensions and changes which occurred among them as capitalist development proceeded. Equally important, it will also bring into sharper focus class, national, and other societal dimensions of the material in ways which make academic inquiry of greater value for present day affairs, and will not reveal the far greater range of approaches outside the relatively narrow circle of published materials touched on thus far.

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[38] A.O. MacRae ("Politicus"), What is the Matter with Canada? Addresses Arranged for Delivery in the Extension Course of a Canadian University, But Published Anonymously Instead, London: Arthur H. Stockwell, 1927, pp. 11-12.

On this last point, it must be emphasized that the dominance, if not absolute hegemony, of imperialist ideology in pre-World War I approaches to the development of the western interior did not mean that other, more critical and radical, approaches were unavailable. There was a considerable "literature of protest"[39] and several notable attacks on the established conceptions were published both inside and outside Canada. Perhaps, the most long-lasting was A History of Canadian Wealth by the American journalist Gustavus Myers, which was published at Chicago in 1914.[40] Edward Porritt produced a sharply critical history of Dominion tariff legislation and a subsequent volume emphasizing the impact on western Canada entitled, The Revolt in Canada against the New Feudalism.[41] The "rise of combines" came under fire in H. Percy Scott's The New Slavery.[42] In Europe, numerous discussions of imperialism were taking place. J.A. Hobson/s book, Imperialism: A Study was published in 1902, and Hobson himself was interested in the Canadian experience.[43] And, if Canadian academic writing did not generally reflect critical interpretations of imperialism, at least one V.I. Lenin had read some material by Gustavus Myers on Canada,[44] before writing his Imperialism: The Highest Stage of Capitalism in 1916.

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[39] See, for example, F.W. Watt, "Literature of Protest", in C.F. Klinck (general ed.), Literary History of Canada: Canadian Literature in English, Toronto: University of Toronto Press, 1965, pp. 457 and 473; and S.B. Ryerson, Unequal Union, Toronto: Progress Books, 1968.

[40] Gustavus Myers, A History of Canadian Wealth, with an Introduction by Stanley B. Ryerson, Toronto: James Lewis and Samuel, Publishers, 1972.

[41] Edward Porritt, Sixty Years of Protection in Canada, 1846-1907: Where Industry Leans on the Politician, London: Macmillan and Company, 1908; Edward Porritt, The Revolt in Canada against the New Feudalism: Tariff History from the Revision of 1907 to the Uprising of the West in 1910, London: Cassell and Company, 1911.

[42] H. Percy Scott, The New Slavery, Toronto: William Briggs, 1914.

[43] Lewis H. Thomas, op. cit., pp. 193-194. See also, J.A. Hobson, Canada Today, London; T. Fisher Unwin, 1906.

In general, it was not until after World War I and the first general crisis of capitalism as a system, that even mildly critical positions began appearing in the academic literature. The general weakness of economic history in the pre-World War I period can be traced in part to the threat posed by the discipline's tendency towards materialistic explanations of historical phenomena. In these years, economic theories of imperialism such as those of Hobson and Lenin, were broadly critical of imperialism. Carl Berger has claimed that:

> Without denying that the economic interpretation of history has been an extremely fruitful hypothesis, it should be borne in mind that it has also functioned as a weapon of criticism and reform. This is certainly how it was enlisted in the battle against imperialism.[45]

In fact, economic interpretations of history have been many and varied, including some of a reactionary rather than critical character, although in this period, prior to World War I, when imperialist ideology had such an overwhelmingly powerful hold and was so crudely idealistic and reactionary in character, it was generally the case that "economic interpretations" of history did have a critical impact. Nevertheless, much of what was written as economic history did not treat the development of imperialism as such, but a much narrower--and safer--range of phenomena. Academic political economy in English Canada, which suffered from the backwardness inflicted by colonialism, was centered at McGill, Queen's and the University of Toronto, and was closely tied to British laissez-faire doctrine.[46] From both the policy and theory standpoints, the early political economists also closely served the Canadian capitalist outlook and imperialist expansion. Stephen Leacock of McGill University, who was an active advocate of British imperialism, went so far as to suggest that "in the modern world a university is not a cloister, that a university must be prepared to be an acting part of the driving machinery of civilization."[47] At the level of theory, criticism was constrained by the strong support given to the economic liberalism of such writers as J.S. Mill and Adam Smith. Adam Shortt was not alone when he attacked the "socialistic" labour theories of value and defended the superiority of Mill.[48] The implications of the choice of value theory for the adequate explanation of regional development will be considered in a later chapter. Suffice it to note here that Shortt might have improved his approach by looking more closely at another of the views of Mill:

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[44] See V.I. Lenin, Collected Works, Moscow: Progress Publishers, 1968, Vol. 39, pp. 671-672.

[45] Carl Berger, The Sense of Power: Studies in the Ideas of Canadian Imperialism, 1867-1914, Toronto and Buffalo: University of Toronto Press, 1970, p. 7.

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[46] See C.D.W. Goodwin, Canadian Economic Thought: The Political Economy of a Developing Nation, 1814-1914, Durham, N.C.: Duke University Press, 1961, Chapters 5 and 6.

[47] Cited in Carl Berger, op. cit., p. 209. Leacock wrote a book on the Prairies which is of some interest but of little relevance to the theory of Prairie development. (Stephen Leacock, My Discovery of the West: A Discussion of East and West in Canada, Boston and New York: Hall, Cushman and Flint, 1937.)

[48] See Adam Shortt, "Critical Notes: The Basis of Economic Value", Queen's Quarterly, Vol. II, No. 1, July 1894, pp. 71-73.

> Whenever there is an ascendant class, a large portion of the morality of the country emanates from its class interests, and its feelings of class superiority.[49]

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[49] J.S. Mill, "On Liberty", in Utilitarianism on Liberty, and Considerations on Representative Government, edited by H.B. Acton, London: J.M. Dent and Sons, 1972 (first edition, 1859), p. 70. It is interesting that the ideas of Mill, a long-time official of the British East India Company, spread so well in the Canadian sector of the British Empire.

Chapter Two

Post-World War I Approaches to the Development of Alberta and the Western Interior of Canada

Capitalism carries in itself war, like clouds carry rain.
Jean Jaurès (1902)

World War I was a watershed in the history of modern imperialism. While imperialism remained, the acute general crisis that broke out, which saw the growth of the working class and anti-colonial movements and the October Revolution (1917) in Russia, fundamentally altered the balance of politico-economic forces faced both internationally and domestically in Canada, including the Prairie provinces. The effects were clearly evident in a sharp reaction against British imperialism and its ideology. Desmond Pacey has commented:

> The First World War effectually obliterated in Canada whatever traces of "high colonialism" had survived the boom of the first decade of the twentieth century and the bitter debates over reciprocity with the United States and the Navy Bill for empire defence. The War shattered the core of common beliefs and attitudes suggested by the adjective "high": the mood of Canada in 1918 and 1919 was angry, sceptical, and restless. And if Canadians were not yet sure what role they wished their country to play in the world, they were virtually all agreed that it should not be that of a colony.
>
> Change was everywhere. . . .[1]

While change was everywhere, neither imperialism nor imperialist ideology had evaporated. This chapter will point out some of the proliferation of new approaches and forms in which imperialist ideology was carried.

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[1] Desmond Pacey, "The Writer and His Public, 1920-1960", in Carl F. Klinck (general ed.), Literary History of Canada: Canadian Literature in English, Toronto: University of Toronto Press, 1965, p. 477.

During the post-World War I years, one observes the impact of the greater number and depth of capitalist crises, and, as a consequence, a growing differentiation among approaches, including among writers still inclined "to depict capitalist slavery in bright colours". Nonetheless, the shift in locus or points of consensus of academic and official approaches should not be exaggerated, for example, to suggest, as does Pacey, that all traces of 'high colonialism' had vanished. As we shall see, imperialism was more durable.

Among the most influential of early post-World War I Canadian writers on the western interior was Chester Bailey Martin (1882-1958). Martin's work, like that of E.H. Oliver, actually spanned the war period, and his acceptance of a position at the University of Manitoba in 1909 made him the first major professional historian of the western interior.[2] However, most of Martin's work, and certainly his important studies of Dominion Lands policy appeared after World War I.

Martin contributed two early articles, "The Red River Settlement" and "Political History of Manitoba, 1870-1912", to the Canada and Its

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[2] L.G. Thomas states that Martin was "a scholar who has a special place in the historiography of the Canadian West. Prior to Martin's appearance the major contributions to western Canadian history were made by those who were not professional historians. By that rather awkward phrase I mean those who earn their living primarily by the study, teaching and writing of history. . . . Martin's acceptance in 1909 of a position at the University of Manitoba does however mark a turning point of some significance in the historiography of the Canadian West. . . . Lord Selkirk's Work in Canada appeared in 1916. It was the first really scholarly treatment of an important and controversial figure in the West. . .

Martin's work also illustrated another trend of some importance in western historiography. Earlier writers had dealt with western subjects as incidental to or as extensions of an interest in Canadian history in general. Martin used his studies in regional history as the basis for a consideration of national history in its broadest terms." ("Historiography of the Fur Trade Era", in Richard Allen (ed.), A Region of the Mind: Interpreting the Western Canadian Plains, Regina: University of Saskatchewan, Canadian Plains Studies Centre, 1973, p. 80.)

Provinces series published before the War.[3] While more scholarly in character than most previous work on the Prairies, the articles revealed the strong presence of British imperialist ideology which continued to play a prominent role in his approach following the war. In most respects, Martin's approach tended to treat development from the standpoint of constitutional-legal changes and official pronouncements; the theory of political economy played almost no role. For instance, in treating the struggle for free trade against the H.B.C. monopoly, Martin wrote:

> The 'fight for free trade' had served a purpose more far-reaching than a 'way to prosperity' by traffic in furs. It became a kind of political awakening to the deficiencies of patriarchial government and to the conflicting interests of settlement and fur trade. The licences granted by the British to the company in 1821 and 1838 imply that the moral debasement of the savage was feared from the economic freedom of the settler. The company was designed for the welfare of the Indian and the profit of the shareholder; it afforded little scope for British citizenship. . . . To the end of the company's rule the settlement was without the ballot, and cut off by trading interests from kinship with self-governing colonies under the crown. Repression rather than oppression was the sin of the company.[4]

Corresponding to Martin's enduring praise for British citizenship and 'constitutionality', and an uncritical approach to British colonialism is an almost complete absence of any notion of economic exploitation or class interest. Thus, while Martin appears as concerned with 'colonial status' and a strong advocate of "responsible government" along 'British lines', he was far from providing an adequate and realistic account of the political economic significance of colonialism, a point demonstrated by the 'anomaly' of his less than democratic attitude towards the position of the Native population and French Canada.[5]

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[3] Chester Martin, "The Red River Settlement" and "Political History of Manitoba, 1870-1912", in A. Shortt and A. Doughty (eds.), Canada and Its Provinces, Vol. XIX, Section X (The Prairie Provinces), Part I, pp. 13-93 and pp. 97-143.

[4] C. Martin, "The Red River Settlement", pp. 57-58.

Careless suggests that Martin should be treated as being part of the historiographical "School of Political Nationhood" which was concerned with "the peaceful and piecemeal evolution of Canada to nationhood". Martin belonged to the first phase of this school in which there was "really no sharp break" with the pre-War "Britannic School":[6] "The first of these [phases] mainly treated the achievement of responsible government and confederation, and on the whole was favourably disposed to things British, since leading historians like Chester Martin and R.G. Trotter saw these national advances as being considerably aided by British advocacy and still as taking shape within the general framework of British institutions."[7]

In part, this related to what was, perhaps, Martin's most important 'Western' preoccupation, the status of the Prairie provinces within the Confederation arrangements and "the nation", especially the control of public lands. The roots of his most prominent book on development in the western interior, "Dominion Lands" Policy (1938), were found in his pre-War writing:

> Manitoba entered Confederation under circumstances that scarcely promised either domestic harm-

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[5] Of Riel and the Red River Rebellion, for example, Martin wrote: "Riel ended a restless and unbalanced career on the scaffold, tainted by ignoble motives and discredited by the men he had deceived. The cost of the insurrection of 1869, in money and in religious and racial hatred, can scarcely yet be computed." (Ibid., p. 93.)

[6] J.M.S. Careless, "Frontierism, Metropolitanism, and Canadian History", pp. 65-66.

[7] Ibid., p. 65.

> ony or pleasant relations with the other provinces of the Dominion. The inhabitants of the Red River settlement were 'sold like sheep' in a commercial transaction which was negotiated from a London board-room. The Manitoba Act was effected by an insurrection which secured immediate concessions only by antagonizing forces which have since destroyed those concessions more completely perhaps in Manitoba than in any province in Canada. The cost of establishing Canadian authority was not forgotten in determining the financial status of the province. Ontario and Quebec, bound over to keep the peace by the terms of Confederation, have fought out their difficulties on Manitoban soil. . . . Crown lands were withheld. . . . The 'monopoly clause' was defended. . . . 'Disallowance' . . . Autonomy in education . . . The extension of the boundaries . . . the reduction of freight rates . . . . The exponents of 'Manitoba Rights' can scarcely be accused of diffidence in making known their demands; but no Canadian province, perhaps, has contended so continuously against disadvantages and political grievances. Only after forty years has Manitoba been placed upon an approximately equal footing with the other provinces of Confederation. The control of her resources is yet to be acquired.[8]

Following the war, Martin's "nationalism" became more pronounced, as did his preoccupation with "the natural resources question". In 1919-20, he authored for the Manitoba government a volume outlining the mainly constitutional-legal arguments for provincial control of "Dominion Lands".[9] In essence, Martin argued the issue was "whether Manitoba is a 'colony' or a province of the Dominion"[10] and advocated a "return to sound British constitutional principles"[11] which was the full beneficial control of the public domain by self-governing provinces: "In fact, so fundamental and so widely recognised are these principles--largely through the Canadian precedent after 'responsible government'--that in all the self-governing provinces and the Dominions of British Empire the Prairie Provinces of Canada constitute the only exception to their operation."[12]

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[8] C. Martin, "Political History of Manitoba", pp. 138-139.

[9] C. Martin, "The Natural Resources Question": The Historical Basis of Provincial Claims, Winnipeg: King's Printer, 1920.

[10] Ibid., p. 10.

[11] Ibid., p. 14.

Martin's position was elaborated on a larger scale in a 1922 article on "The Colonial Policy of the Dominion".[13] In a subsection of the article entitled "From Confederation to Empire" he made some notable claims about the western interior in relation to Canadian development:

> The exercise of imperial functions by the federal government over areas in subordinate territorial status involved a far-reaching change, it would seem, in the nature and amplitude of the original Canadian Confederation.
>
> Had the contention of the original province of Canada prevailed before Confederation, the annexation of Rupert's Land and the North-Western Territories would perhaps have raised no constitutional difficulties in the Dominion in 1867. Had the districts of the Saskatchewan and Red Rivers been united to "Canada" (as the Committee of the British House of Commons recommended in 1857), as new territory was added to British Columbia in 1863, or to Ontario and Quebec in 1912, representation in the "Canadian" legislature would have followed as a matter of course. The new territory would have been on an equal footing with the old, for the best of reasons that it would have been indistinguishable from it.
>
> The Confederation of 1867 raised a new set of legal problems within the British Empire, but it is curious that a prospective imperial rôle for the Dominion with regard to subordinate territory was not immediately recognized as one of them.[14]

The high point of Martin's writing on the Prairies came after the transfer of Dominion Lands to the Prairie provinces in 1930 with the publishing of "Dominion Lands" Policy during the Great Depression years. This book laid out his mature perspective:

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[12] Ibid., p. 10.

[13] C. Martin, "The Colonial Policy of the Dominion", Royal Society of Canada, Transactions, Secion II, 1922, pp. 35-47.

[14] Ibid., p. 36.

> But if 1870 marked the end of one epoch it also marked the beginning of another. The westward expansion of the new Dominion was a "national necessity", and it could be brought to pass only by policies truly national in their scope. It was determined to retain the public lands as a national appanage to be "administered by the Government of Canada for the purposes of the Dominion". . . . The twin problems of railways and settlement could be solved by no other expedients at the time. These were "good and sufficient reasons of public policy", and they have never been disputed; but the process had consequences that could scarcely have been foreseen. It transformed the Dominion from a federation of equal provinces into an empire with a quarter of a continent of "Dominion Lands" under direct federal administration. For sixty years this vast domain was "administered by the Government of Canada" until the historic "purposes of the Dominion" were fairly achieved, so far as public lands could help to achieve them.[15]

For Martin, the ending of the sixty-year "cycle of 'Dominion Lands'" was also the conclusion of the first epoch of Prairie development. The 1930s began the second epoch in which the Prairie Provinces were "now turning to less spectacular problems of readjustment."[16]

In "Dominion Lands" Policy and in subsequent writings,[17] Martin's approach remained conservatively focussed on the formalized official policies of Dominion Lands administration and official pronouncements. The motive political economic forces were little discussed; "national necessity", for example, obscured more than it discerned. Other dimensions of internal colonization, particularly the productive base of Prairie development and the role of finance capital, were ignored. There were "great national enterprises" (railways and settlement) but, as ever, hardly a hint of exploitation or class interests. Indeed, the character of "Dominion Lands" Policy, especially considering political economic conditions around the time of its appearance, was noticeably muted, including by comparison to Martin's writings of the 1920s.[18] And, while the 1930 transfer of Dominion Lands may have satisfied Martin's preoccupation with constitutional equality of the Prairie Provinces with the other provinces, his type of approach actually did not provide a sufficient explanation of uneven development in the western interior. Constitutional equality was, no doubt, a necessary condition in achieving 'equality' for the Prairie Provinces, but equality in law did not imply, nor did it lead to, actual equality in capitalist development.[19] Despite the influence of this general approach, it was inevitable that less narrow--and less conservative--trends would arise.

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[15] C. Martin, "Dominion Lands" Policy, p. 196.

[16] Ibid., p. 198.

[17] See, for example, C. Martin, Foundations of Canadian Nationhood, Toronto: University of Toronto, 1955, Part IV.

The first and only significant history of Alberta published during the interwar years was Alberta Past and Present[20] by John Blue (1874-1945), the Provincial Librarian. Published in Chicago in 1924, Blue's two volumes conveyed much of the same confident and generally uncritical 'facts of progress' outlook present in A.O. MacRae's two volumes of Alberta history published in the pre-war period. While not strictly a sequel to the MacRae book, Blue's book treats in more depth the economic and political development of Alberta since the turn of the century--"the marvellous transformation of the Great Lone Land into the rich and populous Alberta of today."[21] Blue had a similar fixation on the "wonderful material development of the province since it was opened for settlement", but emphasized more strongly the political development of the Province which he suggested was "highly illustrative of the manner in which responsible government grows in free communities."[22] Blue's second volume was devoted entirely to laudatory biographical sketches, again, exclusively of the leaders of the white settler bourgeoisie.

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[18] For further comment on Martin's approach see L.H. Thomas's "Introduction" to "Dominion Lands" Policy, Toronto: McClelland and Stewart, 1973, pp. ix-xviii.

[19] One is reminded, for example, of Anatole France's pointed observation: "The law, in its majestic equality, forbids all men to sleep under bridges, to beg in the streets, and to steal bread--the rich as well as the poor."

[20] John Blue, Alberta Past and Present: Historical and Biographical, Chicago: Pioneer Publishing Company, 1924, 2 Vols.. Blue also wrote a short booklet, The Jubilee of Confederation, 1867-1917, Edmonton: Department of Education, 1917.

By comparison to the MacRae book, John Blue's approach was much less afflicted by blatant imperialist ideology. Further, his approach demonstrated in its particular compendiousness a broader awareness of certain features of the province's development, for instance, by the inclusion of a chapter on labour and labour legislation in Alberta. However, even in this area one can notice a considerable effort to portray the myth of 'social harmony' in capitalist development:

> . . . the history of labor in Alberta has been marked by a great change in the attitude of employers and even governments towards workers. Though the claims of the organized workers have often been thwarted and sometimes vexatiously delayed, progress has been steady and permanent. The attitude of labor is understood by the public today and the right of organized and collec-

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[21] John Blue, Alberta Past and Present, p. v.

[22] Ibid., p. v.

> tive action is now an undisputed maxim of our social economy.[23]

Despite his advance over the work of MacRae, especially in recounting a wider range of material relating to economic and political development, Blue fell into the 'conservative' trend of writing in Canada after World War I which remained content to record 'facts of progress'[24] and faithful in portraying the 'bright side' of capitalist development and a benevolent bourgeoisie. John Blue, like several more prominent writers to be considered in this chapter, could find no place to record 'disparity', let alone 'exploitation'--despite the many changes wrought on imperialism and its ideology by World War I.

The Emergence of the Staple Theory

During the latter part of the war and its aftermath a flurry of publications appeared on two major areas deeply affecting the Prairies, the crises in railway transportation and agriculture. Writing on "the railway problem", long a bell-wether of general trends, was deeply involved with the issues of nationalization of the non-C.P.R. lines into the Canadian National Railways system (1921-23) and the freight rates issue, which was exacerbated by the Borden government's suspension of the Crow's Nest Pass freight rates from 1918 to 1923. While most pieces tended to be crude laissez-faire polemics against nationalization[25] or historical defences of the private railroad companies,[26] there did appear two major books by Canadians which grew out of doctoral dissertations done in American universities. The first, Railway Rates and the Canadian Railway Commission[27] was written by Duncan A. MacGibbon (1882-1969) and reflected a more realistic rather than apologetic approach to the behavior of the private railway monopolies.

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[23] Ibid., p. 398.

[24] Not long afterwards, in 1929, the Province actually published a useful volume of 'statistics of progress': Alberta, Publicity and Statistics Branch, *Statistics of Progress: Facts and Figures Showing Development from 1906 to 1928*, Edmonton: King's Printer, 1929.

The other was A History of the Canadian Pacific Railway[28] by Harold A. Innis (1894-1952), which grew out of his doctoral dissertation for the University of Chicago and was published in 1923. The approach taken by Innis, like that of most of his contemporaries, still contained imperialist ideology, but was coupled with more realistic geographical-technological determination:

> Though almost two centuries and a half elapsed between the date of the earliest attempt to discover the North-West Passage and the completion of the Canadian Pacific Railway in 1885, both occasions were landmarks in the spread of Western civilization over the northern half of Northern North America. The spread of civilization was dependent on

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[25] See, for example, Fabius, 52 Questions on the Nationalization of Canadian Railways, Toronto: J.M. Dent and Sons, 1918; William H. Moore, Railway Nationalization and the Average Citizen, Toronto: McClelland, Goodchild and Stewart Publishers, 1917; William H. Moore, The Irresponsible Five: A New Family Compact, Toronto: McClelland, Goodchild and Stewart, 1917 (the title refers to the directors of the then proposed publicly-owned Dominion Railway Company); Sir Thomas Tait, A Solution to the Canadian Railway Problem, pamphlet, 1917.

[26] See, for example, E.B. Biggar, The Canadian Railway Problem, Toronto: Macmillan, 1917; R.G. MacBeth, The Romance of the Canadian Pacific Railway, Toronto: Ryerson, 1924.

[27] D.A. MacGibbon, Railway Rates and the Canadian Railway Commission, New York: Houghton Mifflin, 1917.

[28] H.A. Innis, A History of the Canadian Pacific Railway, with a Foreword by Peter George, Toronto and Buffalo; University of Toronto Press, 1971 (first edition, 1923).

> the geographic characteristics of the area and on the character and institutions of the people involved. The rapidity and direction of the growth of civilization were largely dominated by the physical characteristics, the geographical formations, the climate, the topographical features, and the consequent flora and fauna which these conditions produced. Topographical features which determined to a large extent the character of the drainage basins, and consequently of the rivers, were of primary importance. . . . The heights of land as boundaries to drainage basins were to some extent boundaries to exploration and to a large extent boundaries to settlement. Early civilization was confined by those limits to three distinct areas (the Pacific Coast, the Hudson Bay and the St. Lawrence drainage basins). The Canadian Pacific Railroad was tangible evidence of the growth of civilization beyond these boundaries.[29]

At the same time, Innis was aware of the growing movement of protest, particularly the Progressive Party, against the railway companies and Dominion railway policies, although he viewed them in regional rather than class terms and, in a fatalistic fashion, avoided fundamental criticisms of the character of capitalist expansion:

> . . . the tax which has been paid by western Canada as a result of the particular attitude of eastern Canada has provoked a movement the strength of which is difficult to estimate. . . . The rise of the Progressive party, its increasing strength with increasing population in western Canada--a population with characteristics similar to those of eastern Canada--with its attitude toward the railway rate problem, toward the natural resources question, and toward the tariff, will become increasingly significant, but prediction is dangerous. On the whole, important as the movement must become for the future development of the country, the dominance of eastern Canada over western Canada seems likely to persist. Western Canada has paid for the development of Canadian nationality, and it would appear that it must continue to pay. The acquisitiveness of eastern Canada shows little sign of abatement.
>
> The Canadian Pacific Railway, as a vital part of the technological equipment of western civiliza-

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[29] Ibid., pp. 1-2.

> tion, has increased to a very marked extent the productive capacity of that civilization. It is hypothetical to ask whether under other conditions production would have been increased or whether such production would have contributed more to the welfare of humanity.[30]

The writings which appeared relating to the crisis in agriculture tended to focus on the farmer oppostion and the co-operative movement.[31] Among the several significant studes which grew out of doctoral dissertations at American universities[32] was Agricultural Cooperation in Western Canada by W.A. Mackintosh (1895-1970) who became a professor of Economics and later principal at Queen's University. Mackintosh's book gave an early expression to what became one of the most prominent approaches to Canadian and prairie development--"the staple theory". In the Preface to his book, Mackintosh commented:

> The most significant phase of the economic history of America seems to the writer to have been the endeavour of agricultural regions to obtain access to large and expanding markets. The great expansions and migratory movements of the nineteenth century were based on the market for cotton, the market for wheat, the market for livestock and for dairy products. . . . Wheat brought the expansion of Ontario (Canada West) in the fifties and sixties out of which came the necessity of Confederation, and wheat and the market for wheat produced the Canadian West and give to it its economic and political importance. In rendering that market

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[30] Ibid., p. 294. With regard to Innis's interest in the Prairie co-operative movement, it is useful to consider H.A. Innis (ed.), The Diary of Alexander James McPhail, Toronto: University of Toronto Press, 1940, especially pp. vii-x.

[31] See, in particular, William Irvine, The Farmers in Politics, with an Introduction by Reginald Whitaker, Toronto: McClelland and Stewart, 1976 (first edition, 1920); Louis Aubrey Wood, A History of Farmer's Movements in Canada, with an Introduction by Foster J.K. Griezic, Toronto and Buffalo: University of Toronto Press, 1975 (first edition, 1924); Harald S. Patton, Grain Growers' Cooperation in Western Canada, Cambridge: Harvard University Press, 1928.

[32] For further discussion see H.A. Innis, "The Teaching of Economic History in Canada" in Mary Q. Innis (ed.), Essays in Canadian Economic History, Toronto and Buffalo: University of Toronto Press, 1973 (first edition, 1956), pp. 5-6.

> available and in gaining access to new markets for livestock, wool and dairy products, cooperative organization has been of the first importance.[33]

But the essence of his approach was the explanation of settlement, particularly frontier settlement, in terms of the development of marketable staples, that is, "natural" or relatively unprocessed products:

> In the settlement of new countries one problem takes precedence over all others--the problem of discovering a staple product with a ready market. The world makes a path to the doors of those regions fortunate enough to possess such a product, and all commodities of other countries are obtainable in exchange. Tobacco and cotton, with their open and expanding markets in Europe, brought commerce, prosperity and culture to the Southern States before New York and Pennsylvania, producting their heavy, undesirable products of lumber and grain, were able to emerge from the "pioneer" stage--marketless and primitive. So well do young communities understand this fact, that it is almost possible to write the history of settlement in North America in terms of the search for new vendible products such as hemp, in Lower Canada, or the attempts to concentrate bulky products, chiefly grains, into forms that could be transported to far-distant markets. The pork industry and the distilleries of the Mississippi Valley are examples of this latter tendency.[34]

Mackintosh's approach was strongly influenced by the "Frontier school" of F.J. Turner emerging in the pre-World War I U.S. and, in particular, by the American economic historian, G.S. Callender. In fact, Mackintosh's best known article on the staple approach contains an initial footnote recognizing, "The point of view of the article has been suggested by the writings of Professor F.J. Turner and the late Professor G.S. Callender."[35]

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[33] W.A. Mackintosh, Agricultural Cooperation in Western Canada, Queen's University Press, Toronto: Ryerson Press, 1924, pp. vii-viii.

[34] Ibid., p. 1.

[35] W.A. Mackintosh, "Economic Factors in Canadian History", Canadian Historical Review, Vol. IV, No. 1, March 1923. Reprinted in W.T. Easterbrook and M.H. Watkins (eds.), Approaches to Canadian Economic History, Toronto: McClelland and Stewart, 1967, p. 1.

Mackintosh's approach began with rough east-west categories representing, respectively, the edge or frontier of settlement and the centre (of civilization):

> The initial fact to be noted is that for several reasons, structural and climatic, North America faces Europe. . . . If we then start with the fact of the European colonization of the Atlantic coast, the structure of American barriers, plains, and waterways takes on a special significance. That structure shaped the course of westward progress; it facilitated or hindered the connection of the frontier with the older settlements and with Europe; it selected to some extent its own settlers; and together with other factors it determined the trend of industrial production.[36]

Given this concept of a "new country" or "empty land", the staple becomes a necessary condition for economic advance: "The prime requisite of colonial prosperity is the colonial staple",[37] especially "a compact, saleable, transportable staple."[38] The two main factors affecting internal expansion are, firstly, the "barriers to westward advance" and, secondly, "the barriers making difficult the continued communication with the older settlements", both of which were seen as geographical and technical in character.[39]

In dealing with Canadian economic development, Mackintosh suggested that in Canada West (roughly, southern Ontario)--the old "Western Canada" --during the 19th century prior to 1867, Canada was passing out of the colonial stage on the basis of the wheat staple:

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[36] Ibid., p. 2.

[37] Ibid., p. 4.

[38] Ibid., p. 7.

[39] Ibid., p. 6.

> Combined with the improvement of land and water transportation, and the substantial rise in grain prices resulting from the Crimean War, the larger local market, which the treaty [the Reciprocity Treaty of 1854] gave, brought relief to the blocked colony. For more than half a century Western Canada had striven to reach the goal of colonial existence, the production of a staple export commodity. With this period the country passed from a stage of primitive diversified agriculture to the one-crop stage, the period . . . "when wheat was king". Though not without its variations that period lasted until the end of the Civil War (1865) and the repudiation of the Reciprocity Treaty (1866). The various phases of that period of abounding prosperity, with its railway politics, bank expansion, and incidental protection, are sufficiently well known. Economically, Canada was passing out of the colonial stage.[40]

For the western interior, the "Laurentian barrier" formed the major frustration to internal expansion and, consequently, expansion turned towards the American frontier:

> After 1870, the cream of the immigrant and native population was drawn off to the easily settled prairie regions of the Upper Mississippi. The New West of the Canadians was the American North West. The Canadian frontier was the American frontier. In that period all the vitality which a moving frontier absorbs from a people, and gives back again, was lost to the communities of Canada. The export of men was draining the very life-blood of Ontario rural settlements. Canadian development was once more thwarted by geography.
>
> It is this western frustration of Canadian development that furnishes the background for the construction of the Canadian Pacific Railway, and for the "transcontinentalism" of present day Canadian transportation.[41]

With the completion of the Canadian Pacific Railway the "frustration of progress" was overcome:

> With the building of the Canadian Pacific and its

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[40] Ibid., p. 12.

[41] Ibid., p. 13.

> coming to effectiveness in the nineties, just when forces external to Canada were bringing grain prices to higher levels, the western barrier was substantially overcome, and a period of phenomenal expansion set in. Once more a Canadian region by reason of higher prices for grain and improved transportation facilities overcame its physical barriers and entered a one-crop stage of agriculture, the stage of the world staple and of prosperity.
>
> That period of expansion from about 1900 to 1913 was not only a period of growing western settlement, but a time of solid progress in almost all parts of the Dominion. . . . A staple was exported to world markets; and, as southern cotton started the wheels of American industry and commerce in the nineteenth century, western wheat has permitted the initial step of the Canadian advance in the twentieth. It was only one commodity, and there were many; but it was the basis of that period of prosperity. The world staple primed the pump of Canadian industry.[42]

While this approach to history compelled a greater attention to materialistic factors in Canadian and western economic development, and avoided the crude view of Canada "merely as a collection of racial types",[43] it did not constitute a clear break with imperialist ideology. The importing of the Turner 'frontier thesis' into Canada was a reaction to British imperialism, but the frontier concepts themselves provided a legitimation of American imperialism and, by extension, Canadian capitalist expansion.

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[42] Ibid., p. 14.

[43] Ibid., p. 15.

Frontierism

The intellectual beginnings of the frontier school appeared in a paper delivered by Professor Frederick Jackson Turner (1861-1932) to the American Historical Association in 1893. While going through a variety of developments frontierism became the dominant school of U.S. history in the decade prior to World War I and continued to exercise a considerable influence in succeeding years.[44] In brief, the frontier thesis argued that the environment of the frontier--"the hither edge of free land"[45]--had created a pioneer individualism and egalitarianism which was the most important impetus to the formation of the democracy and the new nationality of America (in contradistinction to class-ridden and reactionary Europe). There has been considerable debate over the precise meaning of the theory including the very concept of "frontier"[46], but the notion of frontier has been used widely[47] and the theory has played an important role in the ideology of U.S. imperialism.[48] It goes beyond the scope of the present discussion to treat the impact of the frontierist conception of development in Canada, although the theory's influence has been considerable, particularly in the discipline of history.[49] However, the close connection of the staple theory to frontierism, especially in such early formulations as that of Mackintosh, does need to be noted.

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[44] See William Appleman Williams, "The Frontier Thesis and American Foreign Policy", Pacific Historical Review, Vol. XXIV, 1955, pp. 379-395.

[45] F.J. Turner, "The Significance of the Frontier in American History", in Michael S. Cross (ed.), The Frontier Thesis and the Canadas: The Debate on the Impact of the Canadian Environment, Toronto: Copp Clark Publishing Company, 1970, p. 13.

[46] Cross briefly discusses the "frontier-as-location" and "frontier-as-process" interpretations. (Ibid., p. 1.)

[47] Fulmer Mood, "Notes on the History of the Word 'Frontier'", Agricultural History, Vol. 22, No. 2, April 1948, pp. 78-83.

[48] W.A. Williams, op. cit.. See also W.A. Williams, The Roots of the Modern American Empire, New York: Vintage Press, 1969.

The high point in the evolution of the frontierist approach to prairie development was the publication of the nine-volume *Canadian Frontiers of Settlement* series during the 1930s. The series grew out of the heightened concern with the problems facing pioneer settlement, especially as farmer criticism of past and prevailing practices intensified with the onset of the acute Great Depression crisis. A major impetus for the project came from the American Geographical Society and the Social Science Research Council in New York. The latter funded a five year research program (1929-33) which was directed by a "Canadian Pioneer Problems Committee". The purpose of the program was "the scientific study of settlement in Western Canada". As W.A. Mackintosh wrote in the early 1930s:

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[49] In addition to works cited, see, for example, A.L. Burt, "The Frontier in the History of New France", Canadian Historical Association, *Report*, 1940, pp. 93-99; A.L. Burt, "If Turner Had Looked at Canada, Australia, and New Zealand When He Wrote About the West", in W.D. Wyman and C.B. Kroeber (eds.), *The Frontier in Perspective*, Madison: University of Wisconsin Press, 1957, pp. 59-77; J.M.S. Careless, "Frontierism, Metropolitanism, and Canadian History"; S.D. Clark, *The Developing Canadian Community*, Toronto: University of Toronto Press, 1965; M.S. Cross, *op. cit.*, esp. "Suggested Reading", pp. 186-188; John L. McDougall, "The Frontier School and Canadian History", Canadian Historical Association, *Report*, 1929, pp. 121-125; Walter N. Sage, "Some Aspects of the Frontier in Canadian History", Canadian Historical Association, *Report*, 1928, pp. 62-72; W.N. Sage, "Geographical and Cultural Aspects of the Five Canadas", Canadian Historical Association, *Report*, 1937, pp. 28-34; Paul F. Sharp, *The Agrarian Revolt in Western Canada: A Survey Showing American Parallels*, New York: Octagon Books, 1971 (first edition, 1948); P.F. Sharp, "Three Frontiers: Some Comparative Studies of Canadian, American, and Australian Settlement", *Pacific Historical Review*, Vol. XXIV, 1955, pp. 369-377; G.F.C. Stanley, "Western Canada and the Frontier Thesis", Canadian Historical Association, *Report*, 1940, pp. 105-114; George R. Taylor (ed.), *The Turner Thesis: Concerning the Role of the Frontier in American History*, Lexington, Mass.: D.C. Heath and Company, 1972 (first edition, 1949); Russell Ward, "Frontierism and National Stereotypes", Canadian Historical Association, *Report*, 1964, pp. 52-60; Morris Zaslow, "The Frontier Hypothesis in Recent Historiography", *Canadian Historical Review*, Vol. XXIX, 1948, pp. 153-167.

One of the most telling contradictions of frontierist ideology appeared in the Mackenzie Valley Pipeline Inquiry (The Berger Commission) hearings; the *Report* was entitled "Northern Frontier, Northern Homeland".

> At the moment also the control of available land has passed from the Dominion Government to the three provinces of Manitoba, Saskatchewan and Alberta. These governments must perforce establish policies, and the record of experience has already led them to decide against the traditional policy of free land. With further mechanization of farming it is possible that the settled area may contract rather than expand. No time could be more opportune for making a scientific study of settlement in Western Canada. The records of the period of rapid settlement are available for study: new policies of settlement must be framed.[50]

In his Introduction to the Canadian Frontier of Settlement series, Mackintosh again showed the ties of his work with state policy and hoped that the series would make "some contribution toward the development of economic and social planning in a field where the costs of planless development are peculiarly heavy." [51]

In certain respects, as will be noted later, there is here an interesting parallel with much earlier efforts at "scientific" approaches to colonization and settlement, which also occurred during periods of crisis, particularly in the 1820s and 1830s.

Isaiah Bowman (1878-1950), the Director of the American Geographical Society, was a key figure in the movement for a "science of settlement".

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[50] Joerg, W.L.G. (ed.), Pioneer Settlement: Cooperative Studies by Twenty-six Authors, American Geographical Society Special Publication No. 14, New York: American Geographical Society, 1932, pp. 6-7.

[51] W.A. Mackintosh, Prairie Settlement: The Geographical Setting, Toronto: Macmillan Company of Canada, 1934, p. xv.

His book, The Pioneer Fringe, published in 1931 by the Society, was intended "to sketch the outline of a 'science of settlement' to set forth the ideas that have moved men to take such diverse paths, and to provide a description of the different environments in which so many men elect to meet destiny."[52] The Society also published a volume under the editorship of W.L.G. Joerg (b. 1885) containing twenty-six individual studies of prairie settlement ranging from North America, to South America, to Africa, to the U.S.S.R., to Asia, and to Australia. Six studies relating to Canada were produced by W.A. Mackintosh, R.W. Murchie, Chester Martin, D.A. McArthur, D.A. MacGibbon, and C.A. Dawson, who also formed most of the members of the Canadian Pioneer Problems Committee.[53] These studies were expanded to become the core of the Frontiers of Settlement series under the editorship of W.A. Mackintosh and W.L.G. Joerg.

In all, eight volumes of the series appeared, including a volume by A.R.M. Lower and H.A. Innis on the "forest and mining frontiers" which was not directly related to the western interior.[54] Although parts of these volumes reflected many of the serious problems facing the western interior, and demonstrated a concern with several areas previously untouched in academic work, they offered little new in terms of general approaches to prairie economic development. There was a much greater awareness of state and corporate policies, but, generally, a form of geographical-technological determinism or "environmentalism" predominated.

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[52] Isaiah Bowman, The Pioneer Fringe, American Geographical Society Special Publication No. 13, New York: American Geographical Society, 1931, p. xi.

[53] Joerg, W.L.G. (ed.), op. cit., p. 7n.

[54] The volumes included Vol I: W.A. Mackintosh, Prairie Settlement: The Geographical Setting; Vol. II: A.S. Morton and Chester Martin, History of Prairie Settlement and Dominion Lands Policy; Vol. IV, W.A. Mackintosh, assisted by A.B. Clark, G.A. Elliott and W.W. Swanson, Economic Problems of the Prairie Provinces; Vol. V: R.W. Murchie, assisted by William Allen and J.F. Booth, Agricultural Progress on the Prairie Frontier; Vol. VI: C.A. Dawson, assisted by R.W. Murchie, The Settlement of the Peace River Country: A Study of a Pioneer Area; Vol. VII: C.A. Dawson, Group Settlement: Ethnic Communities in Western Canada; Vol. VIII: C.A. Dawson, Pioneering in the Prairie Provinces: the Social Side of the Settlement Process; Vol. IX: A.R.M. Lower and H.A. Innis, Settlement and the Forest and Mining Frontier. The planned third volume, History of Immigration Policy and Company Colonization by D.A. McArthur and W.A. Carrothers, did not appear.

The Great Depression Crisis

Like the crisis of World War I, the crisis of the Great Depression created a further differentiation in approaches to prairie development, and compelled greater realism and directness in analysis. Thus, for example, another major railway crisis led to another spate of writing on "the railway problem" and the history of railways,[55] and to the "Duff Commission".[56] This material was often sharply focused around such basic questions as the form of ownership and the role of the state in reference to railways yet, necessarily, it raised many questions about prairie development. Settlement and colonization policy, which had been closely associated with the powerful railway companies and the federal government, came under increasing attack,[57] but major defences of the role of the railway companies were also produced, notably by Robert England and James Hedges.[58] Another major area in which considerable writing emerged was on the wheat staple, notably by D.A. MacGibbon, George E. Britnell, W.T. Easterbrook, and Mary Quayle Innis.[59]

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[55] Among the best were Lesslie R. Thomson, The Canadian Railway Problem: Some Economic Aspects of Transportation and a Suggested Solution for the Railway Problem, Toronto: Macmillan Company of Canada, 1938; and John L. McDougall, "The Canadian Railway Problem", University of Toronto Quarterly, Vol. IV, No. 2, 1934-5, pp. 219-238. Others included Leslie L. Fournier, Railway Nationalization in Canada: The Problem of the Canadian National Railways, Toronto: Macmillan Company of Canada, 1935; John Murray Gibbon, Steel of Empire: The Romantic History of the Canadian Pacific, the Northwest Passage of Today, Toronto: McClelland and Stewart, 1935; and William R. Jackman, Critical Analysis of "The Canadian Railway Problem", Montreal: Financial Times Press, 1939.

[56] Canada, Royal Commission to Inquire into Railways and Transportation in Canada, 1931-1932.

The growing tensions within the Canadian federal state structure and thr rise to power in Alberta of the Social Credit Party stimulated yet another burst of writing, much of which was entered into the pages of the newly established Canadian Journal of Economics and Political Science

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[57] See, for example, W.D. Albright, "An Economic Land Settlement Policy", Canadian Journal of Economics and Political Science, Vol. II, 1936, pp. 550-555.

[58] Robert England, The Central European Immigrant in Canada, Toronto: Macmillan Company of Canada, 1929; Robert England, "Land Settlement in Northern Areas of Western Canada", Canadian Journal of Economics and Political Science, Vol. I, 1935, pp. 578-587; Robert England, The Colonization of Western Canada: A Study of Contemporary Land Settlement, 1896-1934, Toronto: McClelland and Stewart, 1936; James B. Hedges, Building the Canadian West: The Land and Colonization Policies of the Canadian Pacific Railway, New York: Russell and Russell, 1939; James B. Hedges, The Federal Railway Land Subsidy Policy of Canada, Cambridge: Harvard University Press, 1934.

[59] D.A. MacGibbon, The Canadian Grain Trade, Toronto: MacMillan Company of Canada, 1932; D.A. MacGibbon, "The Wheat Problem", University of Toronto Quarterly, Vol. III, No. 2, 1933-34, pp. 228-244; G.E. Britnell, "The Rehabilitation of the Prairie Wheat Economy", Canadian Journal of Economics and Political Science, Vol. 3, 1937, pp. 508-529; G.E. Britnell, "The Rehabilitation of Prairie Farms", Canadian Banker, Vol. 47, October 1939, pp. 19-31; G.E. Britnell, The Wheat Economy, Toronto: University of Toronto, 1939; W.T. Easterbrook, Farm Credit in Canada, Toronto: University of Toronto Press, 1938; Mary Q. Innis, An Economic History of Canada, Toronto: Ryerson Press, 1935, especially Chapter 9. During the 1930s, MacGibbon's economics text was also reissued. (An Introduction to Economics for Canadian Readers, Toronto: Macmillan Company of Canada, 1932 (first edition, 1924)). MacGibbon, who was a professor of Political Economy at the University of Alberta during the 1920s and a member of the federal Board of Brain Supervisors (1929-49), later wrote a sequel to his 1932 book on the grain trade (The Canadian Grain Trade, 1931-1951, Toronto: University of Toronto Press, 1952).

(1935).[60] The Royal Commission on Dominion-Provincial Relations ("Rowell-Sirois" Commission), appointed in 1937, also gave rise to a number of significant studies and submissions, including W.A. Mackintosh's background report, The Economic Background of Dominion-Provincial Relations, which demonstrated his continued commitment to the staple approach. Finally, a twenty-five volume series of studies, The Relations of Canada and the United States, was prepared under the direction of the Carnegie Endowment for International Peace with James T. Shotwell as general editor. The appearance of the series (in the latter 1930s) reflected the growing role of U.S. imperialism in Canada, as did the ideology of frontierism. And, while the series was not focussed specifically on the western interior, like the Frontiers of Settlement series, it did contain several volumes which were useful at least in part to study of the Prairies, notably contributions by Innis, Glazebrook, and Lower.[61]

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[60] See, for example, W.A. Carrothers, "Problems of Canadian Confederation", Canadian Journal of Economics and Political Science, Vol. I, 1935, pp. 26-40; R. McQueen, "Economic Aspects of Federalism: A Prairie View", Canadian Journal of Economics and Political Science, Vol. I, 1935, pp. 352-367; J.A. Maxwell, "The Adjustment of Federal-Provincial Relations", Canadian Journal of Economics and Political Science, Vol. II, 1936, pp. 374-389; W.T. Easterbrook, "Agricultural Debt Adjustment", Canadian Journal of Economics and Political Science, Vol. II, 1936, pp. 390-403; A.F. McGown, G.E. Britnell, D.C. MacGregor, C. Elliott and J.A. Walker, "Alberta, Economic and Political", Canadian Journal of Economics and Political Science, Vol. II, 1936, in four sections, pp. 512-549.

[61] H.A. Innis (ed.), The Dairy Industry in Canada, Toronto: Ryerson Press, 1937; G.P. deT. Glazebrook, A History of Transportation in Canada, Toronto: Ryerson Press, 1938, 2 Vols.; A.R.M. Lower, The North American Assault on the Canadian Forest: A History of the Lumber Trade Between Canada and the United States, Toronto: Ryerson Press, 1938. Also of considerable value, although less useful in terms of theory, was Canadian-American Industry: A Study in International Investment, by Herbert Marshall, Frank Southard, Jr., and Kenneth W. Taylor, which contained some of the earliest information on foreign investment in the western interior.

The 1930s even saw the appearance of leading works on the 'pre-settlement' years in the western interior. In particular, Arthur Silver Morton (1870-1945) produced the major A History of the Canadian West to 1870-71.[62] Morton's history, as well as his several other writings on the fur trade era,[63] contained much useful scholarship, but was seriously weakened by certain features of colonialist ideology[64] and, despite the central position of the fur trade in the writing, contained very little in the way of economic theory. A growing interest in the Red River and North-West Rebellions was also reflected in the publishing of G.F.C. Stanley's The Birth of Western Canada[65] and C.P. Stacey's attempt to deal with the military aspect of internal colonization.[66] By the 1940s, according to Donald Creighton, "So far as scholarship was concerned, the west had become a 'have' rather than 'have not' region".[67]

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[62] Arthur Silver Morton, A History of the Canadian West to 1870-71: Being a History of Rupert's Land (The Hudson's Bay Company's Territory) and of the North-West Territory (including the Pacific Slope), London: Nelson, 1939 (reprinted, 1973).

[63] A.S. Morton, The North West Company, Toronto: Ryerson Press, 1930; David Thompson, Toronto: Ryerson Press, 1930; "The New Nation, The Metis", Royal Society of Canada, Transactions, Series 3, Vol. 33, 1933, Section 2, pp. 137-145; Under Western Skies: Being a Series of Pen-Pictures of the Canadian West in Early Fur Trade Times, Toronto: Thomas Nelson and Sons, 1937; Sir George Simpson: Overseas Governor of the Hudson's Bay Company, A Pen-Picture of a Man of Action, Toronto, J.M. Dent and Sons, 1944.

[64] For more on Morton and a useful historiographical essay on the fur trade, see L.G. Thomas, "Historiography of the Fur Trade Era", pp. 73-85.

[65] George F.G. Stanley, The Birth of Western Canada: A History of the Riel Rebellions, London: Longmans, Green and Company, 1936 (reprinted, 1963).

[66] C.P. Stacey, "The Military Aspect of the Winning of the West", Canadian Historical Review, Vol. 21, 1940, pp. 1-24.

[67] D. Creighton, "Towards the Discovery of Canada", in Towards the Discovery of Canada, Toronto: Macmillan of Canada, 1971 (article first published, 1956), p. 58.

The depth of the crisis impelled several writers to abandon dogmatic laissez-faire concepts and adopt Keynesian or social democratic concepts in order to "reform" capitalism or at least make it operate more equitably from a regional point of view. Thus, for example, W.A. Carrothers attacked the unfair barter terms of trade between British Columbia and Eastern Canada, and suggested that:

> In order to establish a scientifically regulated capitalism, it is necessary that the barter terms of trade be studied on a large scale--not only between different specialized regions in any country such as British Columbia and Ontario and Quebec, but also between different economic groups in any country and between different countries.[68]

Such positions also raised larger questions about the structure or pattern of development in the western interior, and one can notice the increased numbers of efforts to generalize and synthesize an approach to the development, especially so since the arrival of World War II marked off a new period in that history.[69]

One can observe in positions such as the above not only the weakening of the laissez-faire extreme of economic liberalism, but also support for 'scientific' (rather than 'ideological' or 'irrational') management of capitalism by the state. However, there was not a fundamental break with economic liberalism or imperialist ideology per se. And further, there was still a strong reactionary element deeply fearful of the threat of any major changes in the western provinces. For example, the Queen's

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[68] W.A. Carrothers, "The Barter Terms of Trade between British Columbia and Eastern Canada", Canadian Journal of Economics and Political Science, Vol. I, 1935, p. 577. See a criticism by B.K. Sandwell and reply by Carrothers in Vol. II, 1936, pp. 73-80.

[69] See, for example, the submissions to the Rowell-Sirois Commission, and R.G. Riddell, "A Cycle in the Development of the Canadian West", Canadian Historical Review, Vol. XXI, No. 3, September 1940, pp. 268-284.

Quarterly would print a near-ludicrous attempt by C.S. Burchill to compare the history of the American Revolution with the election of Social Credit in Alberta, where "a violent, inexperienced, irresponsible minority gained control."[70]

During the 1930s, the dominant academic approach to development in the west was the staple theory; however, different treatments of the staple theory itself were appearing, including a trend towards its dis-association with frontierism, as were deeper questions reflecting negatively on the very nature of capitalist development per se. Understandably, during periods of capitalist expansion and 'prosperity' on the "frontier" such as during most of the first three decades of the century, the ideology of frontierism and, broadly, an emphasis on the importance and leading character of the 'frontier' has a certain credibility among wider sections of the population. However, the Great Depression crisis of the 1930s undermined this credibility by demonstrating more directly through fundamental decisions on markets, investment, etc., the importance and controlling position--and lack of benevolence--not of the 'frontier' but of powerful capitalist forces, especially those centered in the industrial-banking heartland of Canada. Consequently, by the 1940s, one can see a growing interest in "metropolitanism" and approaches to the staple theory which emphasized dependency and 'regressive' aspects of staple trade rather than stimulative ones. Any widespread interest in the "romance" of the frontier had vanished.

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[70] C.S. Burchill, "An Historical Parallel", Queen's Quarterly, Vol. XLIV, 1937, pp. 520-532.

Metropolitanism

Although there was a considerable growth in "metropolitanism" as an approach to economic development, metropolitanism as a theory had appeared earlier, by the 1920s in the United State . The leading figure to be associated with this approach has been the Canadian-born academic, N.S.B. Gras (1884 - 1956), who was a professor of Economic History at the University of Minnesota and later of Business History at the Harvard Business School. Gras's main theoretical ideas were outlined in his Introduction to Economic History published in 1922. He posited four fundamental phases in development of a metropolitan economy: first phase, organizing the market; second phase, industrial development; third phase, development of transportation; fourth phase, development of financial organization. According to Gras, the requisites for a metropolis were primarily geographical:

> The towns that developed into economic metropolitan communities had to possess marked advantages over their fellows. Their situation had to be healthful, not only for a small town population but for a larger group. The town located on the seacoast or a tidal river had an advantage in that refuse would be carried off twice daily by tides. Facilities for shipping are, of course, necessary, and by shipping we mean here primarily loading and unloading, for land as well as water transportation. Position, or location, between large groups of consumers and producers is vital for commercial growth and metropolitan economy. . . . One further qualification is absolutely necessary. The aspiring town or city must possess a hinterland, a tributary adjacent territory, rich in natural resources, occupied by a productive population and accessible by means of transportation.[71]

Out of various rivalries (which can include metropolitan rivalries), a few cities or towns become "economic metropolitan centres because of their commercial dominance".[72] In elaborating his theory, Gras distinguished between a "metropolitan economy" and a "metropolitan market".

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[71] N.S.B. Gras, An Introduction to Economic History, New York and London: Harper and Brothers Publishers, 1922, pp. 184-185.

> We may think of a large metropolitan economy as an organization of people having a large city as nucleus, just as town economy had a town as its center. Or we may put it this way, metropolitan economy is the organization of producers and consumers mutually dependent for goods and services, wherein their wants are supplied by a system of exchange concentrated in a large city which is the focus of local trade and the center through which normal economic relations with the outside are established and maintained.
>
> Just as villages remained when town economy prevailed, so do towns remain when metropolitan economy comes into existence. Towns remain, but in economic subordination to the metropolis. They continue to play a part, but as tributaries to a larger center. Towns exist, but not town economy. . . .
>
> A closer examination of these dependent towns would show different types performing different functions, but all subordinate. And beyond the towns there are more or less scattered communities or producers of foodstuffs and raw materials, such as farmers, miners, fishermen, and lumbermen.
>
> The large area of many communities, or rather the population, may be called a "metropolitan market", and the organization that sustains it "metropolitan economy". It is true that in studying this organization we are inclined to emphasize the great metropolitan center; but to forget the large dependent district would be fatal to a correct understanding of the subject. Perhaps, indeed, it is somewhat incorrect to speak of the area as dependent upon the center, for, though that is true, the center is also dependent upon the outlying area with its towns, villages, and scattered homesteads. Interdependence of the parts is really key to the situation.[73]

Gras did not provide a clear treatment of his concepts of "dependence", "interdependency", or "subordination" (nor for that matter did he have an explicit notion of "tributary" or of "exploitation"). Despite this weakness, these concepts played a central role in his approach:

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[72] Ibid., p. 185.

[73] Ibid., pp. 186-87.

> A much more difficult task than discovering the metropolitan centers, is outlining their areas. This sometimes proves difficult even in the case of political states; it is much more so in the case of economic units. Often when political boundaries are decided upon, they are maintained as purely arbitrary marks of sovereignty. Metropolitan boundaries cannot thus be made hard and fast. They keep shifting with conditions, and the land on the confines of two contiguous areas is debatable territory. For one purpose it may belong to one metropolis, for a different purpose it may belong to another. The reality of the dependence of the area decreases as you go out from the metropolis: that is the essence of the whole matter.[74]

In the final point we can note an important convergence with frontierism, but with the frontier having an axial rather than east-west configuration.

The "metropolitanism" approach was discussed by McGill sociologist, Carl A. Dawson (1887-1964) in An Introduction to Sociology (which he co-authored with W.E. Gettys).[75] The concept of a metropolitan "centre of dominance" was developed relying heavily on a crude socio-biological explanation of dominance and subordination put forward in the American Journal of Sociology in 1927 by R.D. McKenzie. McKenzie, relying on Child's Physiological Foundations of Behavior (1924), jumped from "the relation of dominance and subordination between integrated parts, cells, tissues, organs" to the generalization that "As the organism develops from the simple to the multicellular form, the integration of parts increases in complexity and the relation of domination and subordination becomes more pronounced and localized."[76] He then leaped to the claim that:

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[74] Ibid., p. 295. Gras's background and theories deserve further study as one of a larger genre of (bourgeois) development theorists which include some contemporary "dependency" theorists, such as Tom Naylor.

[75] C.A. Dawson and W.E. Gettys, An Introduction to Sociology, New York: The Ronald Press Company, 1948 (first edition, 1928), pp. 154-171.

> . . . social groups, whether animal or human, seem to develop spatial pattern forms similar to those of organismic pattern. That is, the living units become integrated in a dynamic relation of dominance and subordination, leaders and followers. This is the pattern of the pack, the herd, the flock of migrating birds, as well as that of all human groups. Even social organization in its broader significance seems to present the same fundamental pattern forms of dominance and subordination as are found in biological organisms.[77]

Given "the relation of dominance and subordination as the dynamic organizing principle", McKenzie tried to explain "how spatial integration of human institutions takes place under different conditions of communication and transportation."[78] After a passing look at human primitive communities (which are "livest at the periphery or part most exposed to the hazards of environment"), the walled city, and the modern nation, McKenzie suggested that "The trend of social evolution, like that of organismic evolution, is toward the axiate form of spatial pattern with dominant center and subordinate integrated parts."[79] This trend is impelled, in particular, by the introduction of the railway and modern communications, which creates centres of dominance. Thus, in a fashion not unlike the later Innis's discussion of monopoly and communication, McKenzie argued that "Dominance is a function of communication". And, imperialist expansion was explained simply:

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[76] R.M. McKenzie, "The Concept of Dominance and World-Organization", American Journal of Sociology, Vol. XXXIII, 1927-28, p. 28. McKenzie also wrote a book, The Metropolitan Community, New York: Russell and Russell, 1933, and some of his writings have been published as On Human Ecology: Selected Writings, edited by A.H. Hawley, Chicago: University of Chicago Press, 1968.

[77] Ibid., p. 29.

[78] Ibid., p. 29.

[79] Ibid., p. 30.

> The expansion of Western civilization is a result of the development of transportation and communication. The region of dominance expands as the agencies of communication improve.[80]

The influence of frontierism--and imperialism--is strongly evident in McKenzie's approach:

> The concept "dominance" suggests a center and a margin of activity, an inner locus and an outer periphery. In a world that is not yet closed there are areas that are just coming under the influence of the great society pattern and areas that still lie outside the sphere of dominance. The marginal regions that are in process of development or reorganization are commonly known as frontiers.[81]

There are three general classes of frontiers: the trade frontier, the plantation frontier, and the industrial frontier. McKenzie related the "industrial frontier" to Canada, among other countries:

> This is the most recent development in the expansion of Western dominance. It implies the introduction of machine industry under outside finance and management into the less industrialized parts of the world, as for instance, the recent invasion of European and American factories into China, India, Latin America and Canada.
>
> Whatever the nature of the modern frontier, it is usually more intimately connected with its distant centers of dominance than with its local hinterland.[82]

As if referring to modern imperialism, McKenzie recognized that "Modern dominance penetrates new parts of the world in catastrophic fashion . . . producing revolutionary effects upon the space and sustenance relations of the indigenous inhabitants."[83] However, there is a biologically programmed inevitability about the process. Indeed, one can note how close McKenzie's notions were to the Nazi thought of "lebensraum", an ideological legitimation of one of the most aggressive and reactionary forms of modern imperialism--fascism. Furthermore, the process of expansion--and struggle--does not stop.

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[80] Ibid., p. 32.

[81] Ibid., p. 36.

[82] Ibid., p. 37.

> In the course of time most frontiers grow up. They pass from a pioneer to a settled condition, and in turn become new centers of dominance creating other frontiers. . . .
>
> The world's centers of gravity are always in process of change. Old centers lose their relative importance as new factors enter to disturb the equilibrium. Some of these factors are temporary and accidental; others are associated with permanent trends. The world is gradually becoming a closed area. The pioneer conditions which gave unity to the British Empire are rapidly passing. New centers of dominance are arising and producing new combinations of regional interdependence which are often quite at variance with the existing political structure.[84]

Geographical determinism was, of course, closely related if not a sub-class of biological determinism, and was directly evident in much of C.A. Dawson's other work. In the same volume of the American Journal of Sociology, in which McKenzie outlined his biological determinism, Dawson argued that there were four "physiographic regions" in Canada: the Central Area, the Maritimes, the Western Plains, and the Pacific Coast (or Cordilleran Mountain) Region. With respect to the Western Plains, Dawson noted that "There is only an artificial political barrier separating these Canadian plains from a similar physiographic region in the United

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[83] Ibid., p. 37

[84] Ibid., p. 42.

States."[85] Dawson also argued that the four major areas of land settlement "are singularly separated from each other by topography and by closely related cultural factors which make social distances great",[86] although at no point did he define the concept of "social distances". This at least partly explained the "system of centralized decentralization":

> The outer areas are not well accommodated to the prestige and power of the central area. Perhaps the makers of Confederation foresaw these facts when they attempted to put under the federal government twice as many items as were retained by the provincial governments.[87]

The strong insistence on frontierism and geographical factors in development was also present in his writings[88] on pioneer settlement. In his major study of Peace River pioneer settlement, for example, one can see not only the frontierist emphasis, but the theme of the organic trend towards a dominant centre. Dawson suggested there was a "life cycle of the pioneer region" consisting of four major stages: "(1) the outpost settlements; (2) the isolated agricultural settlements; (3) the integration of agricultural settlements; (4) the period of centralization and regional autonomy,"[89] In the fourth stage, competition among centers leads to one centre achieving dominance, as a result of "advantageous position or resources."

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[85] C.A. Dawson, "Population Areas and Physiographic Regions in Canada", American Journal of Sociology, Vol. XXXIII, 1927-28, p. 45.

[86] Ibid., p. 56.

[87] Ibid., p. 56.

[88] C.A. Dawson, Group Settlement: Ethnic Communities in Western Canada, Toronto: Macmillan, 1936; C.A. Dawson and Eva B. Young, Pioneering in the Prairie Provinces: The Social Side of the Settlement Process, Toronto: Macmillan and Company, 1940.

[89] C.A. Dawson, assisted by R.W. Murchie, The Settlement of the Peace River Country: A Study of a Pioneer Area, Toronto: Macmillan Company of Canada, 1934, pp. 3-4.

> This larger centre, together with the smaller subsidiary centres, form a single constellation. It is by means of its dominant centre that a region achieves self-consciousness and its interests in relation to other regions become clearly defined. Such marked centralization is one indication that a newly settled area has reached maturity.
>
> . . . The new region does not cease abruptly to draw leadership patterns, patterns of social organization, and financial aid from older regions. Nevertheless, it has come to the place where, predominantly, it lives on its own social and economic capital. Under their own leadership, the people of this new region modify inherited social forms and their own indigenous practices to suit these new days of regional autonomy. The dominant centres are the theatres of the greatest activity in this respect, and in such centres the complex integration of their organized life reaches its zenith.[90]

Here again one can see the frontierist theme merged with a form of metropolitanism.

The work of A.R.M. Lower (b. 1889), whose early studies concentrated on the timber staple,[91] reflected the influence of both "frontierism" and "metropolitanism". In 1929, he criticized the "drum and trumpet" school of history and, in an article filled with chauvinist and racist assumptions, went on to propound in frontierist fashion that:

> Both in Canada and the United States, democracy has been a condition not a theory. It has been the spontaneous product of the frontier and the forest. In both countries it has had to battle to fight with the representatives of an older order of things.[92]

A more developed version of the approach was elaborated in the succeeding year when Lower argued that "The history of a country seems to consist in a complex of social loyalties and individual interests projected against a background of environment."[93] Emphasizing a characteristic geographical determinism, Lower continued a frontierist explanation of democracy to conclude: "In other words, society in a new country is almost necessarily equalitarian and democratic, and therefore sooner or later politics must become so."[94]

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[90] Ibid., pp. 11-12.

[91] See A.R.M. Lower, "The Trade in Square Timber", in W.T. Easterbrook and M.H. Watkins (eds.), Approaches to Canadian Economic History, Toronto: McClelland and Stewart, 1967 (paper first delivered in 1932); and The North American Assault on the Canadian Forest: A History of the Lumber Trade Between Canada and the United States.

[92] A.R.M. Lower, "Some Neglected Aspects of Canadian History", Canadian Historical Association, Report, 1929, p. 67.

By the late 1930s, the metropolitan-hinterland struggle concept was becoming stronger in the work of Lower and several other Liberal writers, most notably Frank Underhill (1889-1971). Underhill drew historical parallels between the frontier protests of the prairies and pointed to certain of their economic roots. Writing in 1927, he had commented:

> . . . one is constantly being struck . . . by the many points of similarity between the Clear Grit movement amongst the farmers of Upper Canada and the Progressive movement among the prairie farmers today. Both are protests against much the same factors in Canadian life . . . The essence of the struggle which produced the political deadlock of the 1860s was not that it was primarily a fight of Protestant against Catholic or of English against French, though these elements entered into it and embittered it. It was primarily a struggle of West against East; the then West being, like the modern West, in its social structure largely agricultural and in its geographical position a long way from its markets; and the East, then as now, being dominated by the transportation, banking and manufacturing interest which centred in Montreal.[95]

In fact, Eastern expansion into the West, which Underhill compared to "The

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[93] A.R.M. Lower, "The Origins of Democracy in Canada", Canadian Historical Association, Report, 1930, p. 65.

[94] Ibid., p. 69.

[95] F.H. Underhill, In Search of Canadian Liberalism, Toronto: Macmillan Company of Canada, 1960, pp. 47-48.

Great Barbecue" in American history, had a profound effect on power relations in Canada: "Of course, the great force, by far the most important force, weakening liberal and democratic tendencies in Canada after 1867 was the rush to exploit the resources of a rich half-continent."[96]

One of Underhill's most developed statements appeared in 1935. Here there is a form of critical treatment of capitalist development again using aspects of both frontierism and metropolitanism:

> Dominion and provinces are not entities existing *per se*. The root conflicts which divide our ten million people are not between national and provincial governments, or between central provinces and outlying provinces. They are conflicts between various economic interest groups all of whom strive with varying success to use the political machinery of federal and provincial governments to assist them in achieving their purposes, i.e., in staking out for themselves vested claims to a special share of the collective income. . . .
>
> The essential work of the Fathers of Confederation was to weld the scattered British possessions in North America into a unity within which Canadian capitalism could expand and consolidate its power, to provide for the capitalist *entrepreneurs* of Montreal and Toronto a half-continent in which they could realize their dreams and ambitions. . . . what Macdonald and his associates accomplished in the 1860s in the northern half of this continent was an exact parallel to what Lincoln and Co. were accomplishing at the same time in the southern half. . . .
>
> Since the 1860s the two economic empires have gone through a rapid expansion. The frontiers of settlement and exploitation have been steadily pushed back to the ultimate territorial limits of each empire. More important, there has gone on simultaneously a steady process of economic integration, a concentration of control at the centre. And this process of concentration has been accompanied inevitably by a distribution of income in which an increasingly larger share has been apportioned to the small group who sit with their hands upon the levers of power in the great metropolitan centres. This point as to the increasing concentration of economic power which characterizes all modern

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[96] Ibid., p. 17.

> capitalist systems does not need to be laboured here.
> . . .
>
> It is true that class divisions in Canada, as in the United States, are still only in process of emerging out of the sectional geographic divisions which resulted from our spreading out over an empty continent. Because we are just passing out of this pioneer stage in the exploitation of our natural resources, our society is still more fluid than that of Europe, our population is still more mobile, opportunities for individual advancement are more abundant; and so the evolution of North American capitalism has not yet produced the comparatively clear-cut class stratification which characterizes older economies. The two Turner principles of interpretation--the significance of the frontier and the significance of sections in American history--are still valid and still yield fruitful results in increasing our understanding of the past of this continent. But the frontier has now almost disappeared, and the ever increasing concentration of capitalist control is levelling down the vertical divisions between sections. Eventually capitalism in America produces the same social pattern as in Europe.[97]

This lengthy passage is one of the clearest statements available of the left liberal and social democratic traditions in the treatment of Prairie development. It also shows the frontierism-metropolitanism transition or "dialectic". As will be discussed later, its key flaws lie in its crude view of a rather homogeneous population in the Prairies, thus ignoring not only the Native Peoples, but the sectoral and class divisions among the settler population. Similarly, sectoral and class divisions in central Canada are also downplayed.

A transition was also occurring in the approach of Lower. In 1939 he produced an article, "Geographical Determinants in Canadian History" in which the frontierism remained undiminished and crude:

> Canada must . . . also be a country with a frontier --it must always look out on an unconquered stretch of Mother Nature.

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[97] Ibid., pp. 176-179

> That may be for better or for worse. Nature fights the Canadian's every attempt to create for himself a national house, but she challenges his manhood. This window on the north will always let in fresh air. "The North"--in Canada the words are already charged with the mystery and magnetism that "The West" once held for the United States--may keep her people fresh and young and adaptive long after their frontier of settlement has closed.[98]

However, after a discussion of the fur trade, he shifted to a "metropolitan dominance-hinterland" concept. For example:

> It is often said that the Dominion has no economic unity, that it is purely a political creation and that if national forces were allowed to work, trade would be in the general direction of north and south, not east and west. . . . [But] is there not in Canada considerable coincidence between the geographical axis and the historical axis? The St. Lawrence and the lakes strike westward like a dagger into the heart of the continent. It is along this east-west geographical axis that settlement has proceeded, and to the head of the lakes, now as in fur-trading days, the products of the interior drain down: then they descend the lakes and cross the ocean. That gives a geographical backbone to Canada. Canada geographically and historically is the hinterland of the St. Lawrence sea-gate.[99]

In his 1943 Presidential address to the Canadian Historical Association, Lower treated indirectly the "spirit of capitalism" as discussed in R.H. Tawney and then argued:

> Nowhere was the acquisitive ethic more at home than in the New World. There the field was open and nature invited exploitation. Hence the strong link between it, the Scotch or New Englanders, the staple trade, and the characteristic expression

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[99] A.R.M. Lower, "Geographical Determinants in Canadian History", in R. Flenley (ed.), *Essays in Canadian History Presented to George Mackinnon Wrong*, Toronto: Macmillan Company of Canada, 1939, pp. 232-233.

[70] Ibid., pp. 244-245.

> of the staple trade, the metropolitan-hinterland relationship.[100]

This expression of the basis of "metropolitanism" was described in larger terms in Lower's major history of Canada, Colony to Nation. Here he maintained, in his most famous frontierist sentence, "North American democracy was forest-born",[101] and also elaborated his most developed treatment of "metropolitanism", in this case relating to the 17th and 18th centuries:

> In this vast edifice of metropolitanism, far wider than the British Empire, the British North American colonies were fully caught up. To disregard for the moment their political and cultural experience, nothing about their commercial development can be understood if it is not realized that trade and development, the utilization of natural products, the organization and connections of commercial houses --the whole process here termed exploitation--were only small parts of the machine operating from and for Great Britain. The job of the men-on-the spot who worked the local phases of the system was to transmute the natural wealth of the locality into figures in a London bank account. The methods used might be wasteful, the natural product in question might be exhausted, the inhabitants used up, exploited, or enslaved, the country might at last be squeezed dry and thrown aside like a sucked orange, but "the business" had to go on.
>
> Metropolitanism, if it were to go to its logical conclusion, would sooner or later drain down all significant life of the world into one centre (as Rome did in the ancient world). Since the metropolis as a rule has had its choice of supply areas and since supply areas have depended on one or two staple products and on the metropolitan market, the only defenses they have been able to oppose have been political in nature. If the area of exploitation were an old civilized country, it might fight and try to throw out the intruders, as China did. Or it might be conquered, as India was. Or, if it were a settlement colony like Canada, it might attempt by petition, representation, or agitation

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[100] A.R.M. Lower, "Two Ways of Life: The Primary Antithesis of Canadian History", Presidential Address, Canadian Historical Association, Report, 1943, p. 13.

[101] A.R.M. Lower, Colony to Nation: A History of Canada, Toronto: McClelland and Stewart, 1977 (first edition, 1946), p. 49.

> to turn the edges of the exploiters' blades so as to secure something for itself of its own natural wealth. . . . Fiercely competing metropolitan centres all over the world give us our own troubled times. When the exploited country obtains some measure of self-government, it immediately makes efforts to prevent metropolitanism from sucking it dry. If such efforts become immoderate, they may go to the whole programme of anarchy, with its Sinn Fein accompaniments in small countries and its Nazi philosophies in large. The struggle for self-government is the initial political phase (not necessarily) carried to insane lengths in the conflict between exploitation and settlement, metropolitanism and localism.[102]

The notion "area of exploitation" deserves note here since it plays a central role in "dependency" theories, although often with imprecise definition and a different terminology. Also, at a more general level, one can again observe the shifting but closely related character of frontierism, the staple theory, and metropolitanism.

Lower's approach reflected the growing influence of the "Laurentian School" of Canadian history, most prominent among whom were Harold Innis and Donald Creighton (b. 1902). Creighton's main work focused on the developing Anglophone capitalist class in key St. Lawrence centres, particularly Montreal and Quebec, and the impact of their "commercial empire of the St. Lawrence" on the formation of Canada.[103] Harold Innis's studies of the C.P.R. and the fur trade are the basis of much of the writing on the Laurentian thesis, including Creighton's own nationalism.[104]

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[102] Ibid., pp. 202-203.

[103] See, in particular, Donald G. Creighton, The Commercial Empire of the St. Lawrence, 1760-1850, Toronto: Ryerson Press, 1937; D.G. Creighton, Towards the Discovery of Canada, "Part II: Commerce and Empire", pp. 84-173; D.G. Creighton, Dominion of the North: A History of Canada. Creighton's limited treatment of Canadien and Western history reflects his deep conservatism and Anglo-Canadian chauvinism; however, it is interesting to note that in a 1967 paper, which characterized Louis Riel as "an adroit and ruthless dictator", Creighton emphasized John A. Macdonald's (and Creighton's?) wishes to see Rupert's Land as a Crown colony, first of England (1865) and then of Canada. (See "Macdonald, Confederation, and the West", in D.G. Creighton, Towards the Discovery of Canada, pp. 233-237. First published in Historical and Scientific Society of Manitoba, Transactions, 1966-7.)

Despite his attention to the role of the C.P.R. and the fur trade and their relation to the St. Lawrence drainage basin, Innis's approach was much broader than an at least narrowly interpreted "Laurentian thesis" or metropolitanism. As early as 1929 Innis had criticisms of both frontierism and metropolitanism:

> Work done in the United States has also had a strong influence on Canadian economic history and historians have been insistent on the possibilities of Professor Turner's frontier school. But Canada had no gradual development by which the frontier could exercise any continued and pervasive influence and the limitations of the frontier school are numerous. Professor Gras's work on the metropolitan economy has also been the object of considerable attention, but Canada has established metropolitan areas only with the greatest of difficultury and in the face of geographic handicaps, and city growth in Canada has been the result of factors different from those characterizing the United States. . . . These schools are based on the development of English and American industrialism and commercialism and the strong sweep of the westward movement in the United States.[105]

At the same time, he also quickly wrote off the seminal work of Gustavus Myers which, Innis suggested, "treated Canadian history as a predatory culture".[106] Finally, Mackintosh's staple approach was seen as inadequate because it focused almost exclusively on the wheat staple, thus the theory "only relates to the later stages of Canadian development and does not pre-tend to cover the development of Canada as a whole."[107]

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[104] See, for example, D.G. Creighton, Towards the Discovery of Canada, pp. 8-10.

[105] H.A. Innis, "The Teaching of Economic History in Canada", in Mary Q. Innis (ed.), Essays in Canadian Economic History, pp. 11-12.

[106] Ibid., p. 12. It appears Innis's views shifted somewhat during the Great Depression. In 1935 he wrote: "Intensive work in Canadian history has been concerned primarily with constitutional developments, and important outposts have been pushed into finance and money, notably by Dr. Adam Shortt and Professor R.G. Trotter, and commercial credit by Professor D.G. Creighton. Gustavus Myers, A History of Canadian Wealth, has made suggestive contributions along the same lines". (Mary Q. Innis, An Economic History of Canada, preface by H.A. Innis, p. v.)

Two Staple 'Traditions'

Although both Mackintosh and Innis have been credited with developing the staple theory in Canada, the early differences in approach between them grew substantially over the years. Mackintosh maintained an approach to the staple theory which was much closer to the "neoclassical" tradition, or the "price theorists", as Innis characterized them. In his most explicit treatment of the prairie economy, Mackintosh argued that the path of staple development, in effect, single crop dependence, was necessary to achieve real economic progress and prosperity. The traditional neoclassical categories were increasingly apparent, but monopoly was not considered as a problem, nor did any concept of "exploitation" appear:

> Just before the turn of the century a coincidence of these favourable circumstances the development of a railway, a variety of early maturing wheat, and dry-farming practices with world-wide economic expansion formed a favourable conjuncture out of which the great western, and indeed national, expansion swiftly emerged.
>
> With the emergence of an export staple there was set up that familiar circular flow which is the life-blood of the pioneer economy,--merchandise exports, capital imports, merchandise import balances, a high rate of investment, full employment in spite of heavy immigration, profit inflation, and rising property values. As this process of development goes on the pioneer economy faces periodic tests. Can exports carry the growing capital charges? Can they furnish the funds for the necessary imports? As long as the capital imports are maintained, a prosperity, real or fictitious is apparent. . . . Only by this means can the pioneer community pass from pseudo-prosperity of the settlement boom to the genuine prosperity of a fully functioning economy.[108]

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[107] Ibid., p. 12.

[108] W.A. Mackintosh, "Some Aspects of a Pioneer Economy", Canadian Journal of Economics and Political Science, Vol. II, No. 4, November 1936, p. 460.

Mackintosh, who was also becoming associated with Liberal government policy making, reflected a strong commitment to the capitalist market system, even during the depths of the Great Depression. The study of pioneer settlement showed that what was needed was "scientific" inquiry and "the development of economic and social planning".[109]

In his report to the Rowell/Sirois Commission (1937), Mackintosh claimed that in Canada, "For a time the economy had approached a simple unity with wheat as the dominant and highly specialized export, and subordinate exports fairly evenly distributed over the several regions."[110] After the First World War period, he argued, that unity had been broken by the rise of new exports (newsprint, gold, base metals, B.C. lumber). This heightened centrifugal forces in the economy since, "Regions hitherto having a high degree of dependence on the prairie market [such as B.C.] developed major export markets and specialized export areas of their own."[111] With a greater number of regionally-based specialized exports the economy was more likely to be influenced by decisions external to Canada. Mackintosh suggested this would probably lead to variability in export income, a less rapid rate of growth, and "heavy national overhead costs."[112] However, Mackintosh appeared to accept the basic developmental trends and cyclical fluctuations resulting from the market mechanism, concluding only that more inter-regional and inter-government transfer payments would be needed:

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[109] W.A. Mackintosh, Prairie Settlement: The Geographical Setting, pp. xiv - xv. As Mackintosh commented: "So much human welfare is at stake, so much government expenditure is involved, so much private capital is risked in the settlement of a new area, that here if anywhere is a case for social planning." (p. xiv.)

[110] W.A. Mackintosh, The Economic Background of Dominion-Provincial Relations, Appendix III to the Report of the Royal Commission on Dominion-Provincial Relations, Toronto: McClelland and Stewart, 1969 (first published, 1939), p. 179.

[111] Ibid., p. 179.

[112] Ibid., pp. 180-183.

> The fortunes of the different regions are likely to differ and unless there is a decline in the scope of governmental functions where there has hitherto been a continuous increase, there will be required at times substantial transfers of income between regions through the medium of government finance. . . . Such transfers have been required in the past and similar, if less severe, conditions are likely to recur.[113]

Innis's approach, on the other hand, had marked differences with that of Mackintosh. Innis, as we will see, was a critic of the "price theorists" and sought a perspective on economic development far broader than the market mechanism. While Mackintosh avoided the the issues of imperialism, metropolitanism, monopoly, dependency or other potentially critical categories of analysis, there was a real, if sometimes cryptic, place in Innis's work for these "institutional" issues. In his study of the fur trade, published in 1930, Innis argued that "The importance of metropolitan centres in which luxury goods were in most demand was crucial to the development of colonial North America" and, thus, "The economic history of Canada has been dominated by the discrepency between the centre and the margin of western civilization."[114]

Innis's work revealed a much deeper awareness of political economic pressures and forces. During the Great Depression and subsequent years, Innis spoke with a far greater critical force than did Mackintosh. For example, in reviewing a book by W.H. Moore, Innis attacked the prolific laissez-faire publicist for his outmoded economic liberalism. Although the review was marred by a certain elitist view of "the public", one can sense a much different approach to the prairie economy than that espoused by Mackintosh:

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[113] Ibid., p. 182.

[114] H.A. Innis, The Fur Trade in Canada: An Introduction to Canadian Economic History, Toronto: University of Toronto Press, 1973 (first edition, 1930), pp. 384,385.

> An important phase of the Canadian problem is the marked decline in standards of living of the wheat growers of the Prairie Provinces and of producers for export in other areas such as the Maritime Provinces: a country cannot endure half slave and half free. Mr. Moore has thrown no light on the causes of the problem, nor has he given any helpful suggestions as to how the problem can be attacked. He fails to realise that economic liberalism and political liberalism flourished in a period of economic expansion incidental to the opening of new land. The task of determining what pressure an increasingly rigid structure has on exposed industries, particularly wheat production, presents a challenge to Canadian economists which can only be met by a most determined and persistent attack calling for all the skill which they can command.[115]

Innis's approach also revealed a deeper nationalism and concern with the economic integrity and unity of the country. His 1930 book on the fur trade, which offered a fundamental criticism of continentalist interpretations of Canadian history,[116] formed the basis of his position, and also seriously recognized the role of Native Peoples in Canadian development, unlike most frontierists.

The North West Company and its successor the Hudson's

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[115] H.A. Innis, "Economics for Demos ", University of Toronto Quarterly, Vol. III, No. 3, 1933-4, p. 393.

[116] For a brief juxtaposition of the continentalist view of Goldwin Smith in his book Canada and the Canadian Question (1891), with that of Innis, see J.H.S. Reid, K. McNaught, H.S. Crowe (eds.), A Source Book of Canadian History: Selected Documents and Personal Papers, Toronto: Longmans, Green and Company, 1959, pp. 290-294.

> Bay Company established a centralized organization which covered the northern half of North America from the Atlantic to the Pacific. The importance of this organization was recognized in boundary disputes, and it played a large role in the numerous negotiations responsible for the location of the present boundaries. It is no mere accident that the present Dominion coincides roughly with the fur-trading areas of northern North America. The bases of supplies for the trade in Quebec, in western Ontario, and in British Columbia represent the agricultural areas of the present Dominion. The Northwest Company was the forerunner of the present confederation.[117]

By the late 1930s, Innis was recognizing the expanding role of U.S. imperialism in Canada. Innis argued that the "new capitalism", as distinct from "commercialism" was "essential to the completion of improvements in transportation by railway and canoe" and left its mark in "the creationof the new provinces in the prairie regions and on the Pacific coast."[118] However, the end of the period of expansion based on the St. Lawrence and trade with Great Britain led to the "decline of the St. Lawrence as a factor contributing to the centralization of the Dominion which has been accompanied by the increasing importance of regionalism evident in the growth of the powers of the provinces."[119] This in turn has led to an increasing "north-south pull":

> The extension of the American empire, the decline of its natural resources, and the emergence of metropolitan areas, supported capitalist expansion in Canada and reinforced the trend of regionalism. The pull to the north and south has tended to become

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[117] H.A. Innis, The Fur Trade in Canada, p. 392.

[118] H.A. Innis, "Significant Factors in Canadian Economic Development", in M.Q. Innis (ed.), Essays in Canadian Economic History, p. 207. Note also Innis's treatment of western railway expansion in relation to the spread of "machine industry" or "industrialism". ("Capitalism and the Staples", The Fur Trade, pp. 396-402.)

[119] Ibid., p. 209.

> stronger in contrast with the pull east and west. The British North America Act and later decisions of the Privy Council have strengthened the control of the provinces over natural resources such as minerals, hydro-electric power, and pulpwood on Crown lands, resources which have provided the basis for trade with the United States and for investment of American capital.[120]

Also, while he had earlier criticized Gras's treatment of "metropolitanism", Innis did not reject metropolitanism per se. In a 1940 article, for instance, he argued that: "The pattern of metropolitan growth in the United States, outlined by Professor N.S.B. Gras, needs substantial modification in Canada."[121] The key modification appeared to be a deeper recognition of the staple dependency of the Canadian situation:

> A metropolitan area which begins as a trading centre, becomes a centre of transport routes, and then develops as an industrial and finally a financial centre in the normal character of its growth, will be affected in Canada by the varying demands of Europe for staple products from definite regions over varying periods of time and under varying conditions of production. The demands of the Canadian economy on the marketing structure fluctuate widely from conditions of very onerous character to conditions of an extremely favourable character. Flexibility becomes extremely importand and specialization is more limited.[122]

More War and Crisis

During the 1940s, Innis's concern with the growing threat of U.S. imperialism accelerated far beyond that of Mackintosh and most other

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[120] Ibid., p. 209

[121] H.A. Innis, "The Changing Structure of the Canadian Market", in M.Q. Innis (ed.), Essays in Canadian Economic History, p. 289.

[122] Ibid., pp. 289-290.

Canadian academic economists. In 1941, he warned against the dangers of "national finance capitalism" and noted that, for several reasons, including the fact that "Colonies have become important as a means of expenditure to support policies of full employment and not a direct means to wealth",

> Canada in her own interests as well as in those of the United States should be constantly alert to the implications of American policy. In a world in which nations and particularly the United States concentrate on their own problems and the use of the new machinery of the modern state, Canada is in a very dangerous position.[123]

In one of his outstanding essays, first drafted in 1948 during the eruption of the Cold War, Innis argued in blunt terms that "American imperialism has replaced and exploited British imperialism."[124] He sharply criticized the growth of regionalism and of political parties who "have become bankrupt in regionalism":

> A division has emerged between the attitude of provinces which have been particularly fortunate in the possession of natural resources in which the American market is interested and that of provinces more largely dependent on European markets. This division has been capitalized on by the politicians of the respective provinces and by those of the federal government. American branch factories, exploiting nationalism and imperialism in Canada, were in part responsible for agitation in regions exploited by the central area and for regional controversies.[125]

It is this same article in which Innis described the "vast realignment of the Canadian system" tied with the change from British to American imperialism and concluded, in one of his most famous statements, that "Canada moved from colony to nation to colony".[126] Although the article was again marred by Innis's bourgeois elitism, Innis was aware of some of the class character of the continentalist 'cooperation' between Canada and the U.S.:

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[123] H.A. Innis, "Recent Developments in the Canadian Economy", in M.Q. Innis (ed.), Essays in Canadian Economic History, p. 306.

[124] H.A. Innis, "Great Britain, the United States and Canada", in M.Q. Innis (ed.), Essays in Canadian Economic History, p. 395.

[125] Ibid., p. 396.

> The ease with which such co-operation is carried out is explained in part by the opposition to socialistic trends in Great Britain. Central and eastern, in contrast with western, Canada have had essentially counter-revolutionary traditions, represented by the United Empire Loyalists and by the church in French Canada, which escaped the influences of the French Revolution. A counter-revolutionary tradition is not sympathetic to socialistic tendencies and is favourable to the emphasis on private enterprise which characterizes the United States. Opposition to socialistic devices has been particularly important because large sectors of Canadian economic life have come under government ownership, notably the Hydro-Electric Power Commission of Ontario and the Canadian National Railways. . . . concern with private enterprise is reinforced by the views of American branch plants and facilitates American domination.[127]

Although Innis did not provide any clear definition of imperialism or metropolitanism as he conceived them, the very fact that such terms were not purged from his vocabulary during these last years of his life and the Cold War onslaught of U.S. imperialism is notable. For this was a time when the ideologies of imperialism were out to weaken if not destroy some of the conceptual footings of political economy. Thus, in the 1955 Journal of Economic History there appeared such self-serving pronouncements as the following:

> This valiant attempt [of the "German founding fathers" of economic history] to put historical generalization

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[126] Ibid., p. 405.

[127] Ibid., p. 406.

> in the place of [classical] economic theory was not very successful, for at least three reasons. First, because some of the central problems of economic theory are in essence independent of history. Secondly, because the economic historian's interests and the kind of source material most easily available steered him to the study of social or political rather than economic topics, to such themes as the institutional framework of society in the manor or town, the status of social classes--lord, villein, guildsman, and so forth--their relations with one another, and the controls that said what they were or were not to do. And finally, because the series of stages that the pioneers constructed were too weak to bear the load of facts piled on them. They were naive, incomplete, and at times inaccurate descriptions of social and economic developments. . . .
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> The stages therefore gave place to the systems, the "isms", and of these the greatest, or the greatest noisemaker, has been capitalism. That work unfortunately has acquired such a motley of meanings and definitions that one may justly plead that capitalism, like imperialism, is a term that should be cut out of the vocabulary of every self-respecting scholar.[128]

In a sense, Innis's death brought to an end a period in the study of Canadian (and Prairie) development. There was a critical, anti-imperialist strain in Innis writing which in conjuncture with the growing power of U.S. imperialism in Canada was coming ever more to the fore. Thus, in his last days, Innis was turning sharply against the Korean War (1950-52), an episode in Canadian history which has yet to come under thorough critical scrutiny.[129] The increasingly progressive aspect of Canadian economics lost a most powerful proponent and was, for a time, muted.

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[128] Herbert Heaton, "Criteria of Periodicization in Economic History", Journal of Economic History, Vol. XV, No. 3, 1955, p. 268.

[129] See D.G. Creighton, Harold Adams Innis: Portrait of a Scholar, p. 141-143.

Before the Deluge

However, during the 1940s, and before the full impact of the Cold War onslaught was felt, there were several other significant, if lesser, writers who treated development in the western interior. The themes of frontierism, the staple theory, and metropolitanism all continued. Also appearing, and reflecting post-World War II developments, were certain themes of "development economics" and a growing interest in the role of the state in economic development.

The frontierist emphasis with its strong geographical determinism was present in the work of S.D. Clark (b. 1910), who also directed and edited the ten-volume series Social Credit in Alberta: Its Background and Development, published during the 1950s.[130] Clark's approach was evident by the early 1940s. In an article entitled "Economic Expansion and the Moral Order", published in 1940 as part of a collection of articles, by sociologists such as Talcott Parsons and C.A. Dawson, the influence of "structural functionalist" ideology was pervasive. Clark emphasized the close relationship of social movements in Canada to economic expansion:

> The opening up of new areas of economic exploitation or the development of new forms of economic production implied considerable geographical and occupational shifts in the population, with effects immediately felt upon the organization of social life. As

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[130] The series included the following, all published by the University of Toronto Press: W.L. Morton, The Progressive Party in Canada (1950); D.C. Masters, The Winnipeg General Strike (1950); Jean Burnet, Next Year Country (1952); C.B. Macpherson, Democracy in Alberta: The Theory and Practice of a Quasi-party System (1953); J.R. Mallory, Social Credit and the Federal Power in Canada (1954); W.E. Mann, Sect, Cult and Church in Alberta (1957); V.C. Fowke, The National Policy and the Wheat Economy (1957); L.G. Thomas, The Liberal Party in Alberta: A History of Politics in the Province of Alberta, 1905-1921 (1959); S.D. Clark, Movements of Political Protest in Canada, 1640-1840 (1959); John A. Irving, The Social Credit Movement in Alberta (1959).

> new areas of population grew up or the population of old areas rapidly increased in numbers, social institutions were faced with the elementary problem of greatly expanding their organization and resources. In addition to this, economic development implied significant changes in the occupational activities and way of living of the great bulk of the population, and this required fundamental adjustments on the cultural level. But such adjustments came about only slowly, and in the early stages of development there existed a condition characterized by a considerable breakdown of traditional cultural controls.
>
> The extent and character of the breakdown, however, depended upon the particular nature of economic development and the physiographic features of the area undergoing development.[131]

As the corresponding sociological theory to modern neo-classical economic theory, structural functionalism concerned itself with "social equilibrium" and disequilibrium in the "social order". Clark pursued this approach in treating 'frontier' expansion in the western interior:

> In the Canadian west, the contrast with the American frontier was even more marked. The avoidance of any serious clash between the frontiersmen and the Indians, and the successful maintenance of law and order in British Columbia in contrast with California, are explained largely in terms of the strength of imperial interests represented by the Hudson's Bay Company. . . . The organization of the North West Mounted Police in 1874, and the successful establishment of law and order in Alberta, set the pattern for later development in the Canadian west, interrupted only by the North West Rebellion. . . .
>
> The restraining influences exerted by the close imperial connection, and by the presence to the south of a powerful and rapidly expanding republic, introduced certain distinctive features in the social development of Canada. As a result, generalizations drawn from investigations of community life in the United States have only a qualified reference when applied to the Canadian scene. Forces of geography combined with those of politics to restrict the operation of free enterprise on the frontier. Economic controls imposed

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[131] S.D. Clark, "Economic Expansion and the Moral Order", in C.W.M. Hart (ed.), Essays in Sociology, with a foreward by H.A. Innis, Toronto: University of Toronto Press, 1940, p. 72.

> by the state have been paralleled by controls making for rigidities in cultural development.[132]

In Clark's work one can easily recognize frontierism, but unlike most frontierist approaches there is an emphasis on contrasts rather than similarities with the U.S. frontier, perhaps more in line with the 'Toryism' of Creighton and, to a lesser degree, Innis. Furthermore, Clark shifted away from the "frontier-as-place" notion to a notion of "commercial frontier":

> Instead of being employed in the Turner sense to designate the furthest extended line of settlement, it is taken here to refer to the development of new forms of economic enterprise. Thus "frontier economic expansion" means simply the expansion of new forms of economic enterprise and the "frontier" the area in which such enterprise is taking place. The emphasis is not upon the period of early settlement --what might be called the pioneer stage of development--but rather upon that period when new techniques were being fully employed in economic exploitation--what is here called the frontier stage.[133]

In general, Clark's sociological approach, like that of several earlier writers on frontier settlement, was intended to treat the problem of the relationship of "the opening up of new areas or fields of economic exploitation, to the development of social organization."[134] He argued in essence, that "social problems" in Canada "have been largely associated with frontier economic developments":

> The opening up of new areas or fields of economic exploitation made certain special kinds of demands upon social organization, and the failure to meet fully these

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[132] Ibid., p. 91.

[133] S.D. Clark, The Social Development of Canada: An Introductory Study with Select Documents, Toronto: University of Toronto Press, 1942, p. in.

[134] Ibid., p. 1.

> demands resulted in disturbances in social relationships which may be described as social problems. Centres of new economic activity became the points of origin of forces of disturbance, and these forces tended to the peripheries of such activity. The areas of greatest social disturbance were to be found where the impacts of the new techniques of production were most felt, and the intensity of the disturbance reached its peak during the interval in which the new economic developments were most rapidly taking place. As the economy became more mature, the social organization adjusted itself to the conditions of production, and an approximate state of equilibrium was attained by the time the economy passed beyond the frontier stage.[135]

The obvious presence of "structural functionalist" sociology was a primary feature of Clark's work and an indication of the growing influence of U. S. imperialist ideology. Clark's interest in Social Credit and other "disturbances" to the state of "equilibrium" of capitalist society reflected a deeply conservative approach to western development.[136] "Metropolitanism" is present in his approach, but it has a less critical character than that present in many other proponents of the approach. In Clark, there is "exploitation", but of resources, not of region by region --as is characteristic of most approaches to "metropolitanism"--nor certainly of "man by man". Thus, he could write that:

> The opening of the West and the exploitations of the pulp and mineral resources of the Precambrian Shield accompanied the growth of manufacturing in the Central Provinces, and it was this combination of economic developments which gave to the industrial-capitalist society of Canada its distinctive character. A purely urban society did not emerge in Central Canada!

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[135] Ibid., p. 1.

[136] The 'logical' contemporary conclusion to his approach is contained in his reactionary Presidential address to the Royal Society of Canada in 1976. See S.D. Clark, "The Attack on the Authority Structure of the Canadian Society", Transactions, 1976, Fourth Series, Vol. XIV, pp. 3-15.

> nor did a purely agricultural society grow up in Western Canada. Metropolitanism became a dominant feature of Canadian community organization, but it was a metropolitanism in terms not of one economic interest but of a great variety of such interests, and the way in which these interests were related to one another determined the distinctive pattern of social development.[137]

While much of Clark's work is written in imprecise and definitionally vague generalization, one gleans the view that "social problems" occurred at the frontier because of the weaknesses of traditional "institutional controls" such as (conformist) religion,[138] which in turn resulted from the lack of a relatively strong bourgeois or professional class.

Both George E. Britnell and Vernon C. Fowke approached the development of the western interior concentrating on wheat and using a staple theory.[139] As well, both were influenced by post-World War II discussions of "development economics". Of the two, Britnell (1903-1961) was much less concerned with deeper theoretical questions, although his major work, The Wheat Economy, does follow a clear, if narrow, staple theory approach. His concern with the "violent fluctuations" in prairie farm income and the problem of farm rehabilitation did raise the question of economic dependency,[140] however, a confined empiricism and limited interest in general questions of development (even in matters such as terms of trade, state policy, etc.) led to a broad acceptance of "continued dependence on wheat".[141] This view, based largely on emphasizing geographical determinants of development, followed an approach to the staple in the tradition of W.A. Mackintosh.

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[137] S.D. Clark, The Social Development of Canada, pp. 381-382.

[138] See Clark's treatment of religion and economic development in "The Religious Factor in Canadian Economic Development", Journal of Economic History, Vol. VII, December 1947, pp. 89-103; "Religion and the Economic Backward Areas", Papers and Proceedings of the 63rd Annual Meeting of the American Economic Association, Chicago, 1950, Vol. XLI, May 1951, pp. 258-265; "The Religious Sect in Canadian Economic Development", Canadian Journal of Economic and Political Science, Vol. XII, November 1946, pp. 439-453.

[139] The two even co-authored a book during World War II: G.E. Britnell and V.C. Fowke, Canadian Agriculture in War and Peace, 1935-1940, Stanford: Stanford University Press, 1962.

During the Cold War period, Britnell continued to propound the importance of the wheat staple to the Prairies. In a 1953 article, he recognized the growing impact of "new resources" (gas and oil), but despite their "profound influence on the whole life of Alberta", Britnell argued, essentially in quantitative terms such as value of investment, that "Whatever changes new resources may bring to the prairie economy the fundamental importance of wheat will remain."[142] While Britnell recognized international underdevelopment as a major problem, he maintained a considerable confidence in staple development and capitalism. In ~~a major~~ 1957 address Britnell could state that: "Canada and Australia in the past, Guatemala and Rhodesia today, demonstrate the tremendous immediate gains of concentration on one or two staples to help provide the increased revenues and the foreign exchange needed to carry out a national development programme."[143] In criticizing the idea of "diversification for the sake of diversification, particularly in those sectors of industry where the economies of scale are unlikely to be realized", he suggested that:

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[140] G.E. Britnell, "The Rehabilitation of the Prairie Wheat Economy", Canadian Journal of Economics and Political Science, Vol. 3, 1937, pp. 508-529; G.E. Britnell, "The Rehabilitation of Prairie Farms", Canadian Banker, 47, October 1939, pp. 19-31; G.E. Britnell, "Dominion Legislation Affecting Western Agriculture", Canadian Journal of Economics and Political Science, Vol. 6, 1940, pp. 275-282; G.E. Britnell, "The War and Canadian Wheat", Canadian Journal of Economics and Political Science, Vol. 7, 1940, pp. 397-413; G.E. Britnell, "The Implications of United States Policy for the Canadian Wheat Economy", Canadian Journal of Economics and Political Science, Vol. 22, 1956, pp. 1-6.

[141] G.E. Britnell, The Wheat Economy, Toronto, University of Toronto Press, 1939, pp. xv-xvi.

[142] G.E. Britnell, "Perspective on Change in the Prairie Economy", Canadian Journal of Economics and Political Science, Vol. XIX, No. 4, November 1953, pp. 452, 454.

> the experience of Australia and, to a lesser degree perhaps, even of Canada suggests that some forms of diversification may lead to a decline or slackening in the rate of growth. Nor is it even approximately true that an economy will necessarily be more stable if production is diversified. On the other hand, there is good reason to suppose that the present essentially one-staple economies of Guatemala and the Rhodesian Federation will remain stable as long as the United States continues to prosper.[144]

Thus he adopted the "modernization" ideology of U.S. imperialism and concluded that "an enlarged flow of North American capital, technical skill, and entrepreneurial talent may enable an increasing number of underdeveloped countries to make significant contributions to the world economy."[145]

The approach of Vernon C. Fowke is much less conservative and far more developed than that of Britnell. Indeed, Fowke is probably the premier theorist of the metropolis-hinterland approach in relation to the western interior. In his major study of Canadian agriculture, published in 1946, Fowke concluded that:

> The clearest and most significant uniformity regarding Canadian agriculture for more than three hundred years has been its deliberate and consistent use as a basis for economic and political empire. . . .

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[143] G.E. Britnell, "Under-Developed Countries in the World Economy", Presidential Address, Canadian Journal of Economics and Political Science, Vol. XXIII, No. 4, November 1957, p. 461.

[144] Ibid., pp. 462-463.

[145] Ibid., p. 466.

> Canadian agriculture over the centuries has been an instrument of commercial and political empire in three ways: first, as a means for the defence of territory and trade routes; second, as a provisioner of the great staple trades; and third, as the provider of investment opportunities on the agricultural frontier.[146]

Fowke's view combined aspects of the staple and metropolitanism trends. By using a basically staple theory approach to the wheat staple and recognizing the dominance-subordination element in the development of the staple, his approach culminated the application of the staple theory to Prairie development, in the sense that it took the application of the staple approach about as far as it could go without leaving the bounds of liberal economics.

Most key elements of Fowke's approach are well treated in Paul Phillip's review of Fowke's "hinterland perspective",[147] but two aspects deserve special mention. First is Fowke's critical view of the price system, particularly, his recognition of the role of monopoly and competition in their relation to economic power and the structure of metropolis-hinterland relations. A joint submission by Fowke, G.E. Britnell, Mabel F. Timlin and Kenneth A. Buckley, explicitly recognized certain of these structural implications, in particular, a possible basis for "exploitation". Since oligopoly rather than competition was now the rule, or atleast

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[146] V.C. Fowke, Canadian Agricultural Policy: The Historical Pattern, Toronto: University of Toronto Press, 1978 (first edition, 1946), pp. 3-4. The first way is similar to H.J.G. Aitken's concept of "defensive expansionism".

[147] Paul Phillips, "The Hinterland Perspective: The Political Economy of Vernon C. Fowke", Canadian Journal of Political and Social Theory, Vol. 2, No. 2, Spring-Summer 1978, pp. 73-97.

"extremely prevalent",[148] there was an obvious problem in uneven growth:

> The essential problems of growth in an economic society may be not only those of the rates of accumulation and innovation but also the problem of balance between different sectors of the economy. That is, the real question may be, not the average (short-run or long-run) degree of competitiveness in the system but rather the differing degrees of price competition in different parts of the system. The enlargement of such differences may lead to increasing inequities in the distribution of income and in the acquisition of property rights.[149]

The second aspect concerns the role of the state, which was more fully developed in his 1957 book, The National Policy and the Wheat Economy.[150] With a focus similar to the Laurentian School, Fowke pointed to the dominant role of the "St. Lawrence merchant class" in establishing the National Policy. He viewed the wheat staple in the context of the "investment frontier" of the St. Lawrence metropolis: "the Canadian nation was designed by commercial interests with the intention of making use of agriculture for commercial purposes."[151] Phillips suggests that Fowke used the term "merchant class" in a broad manner to mean "business class", thus including financial and industrial elements;[152] however, despite his sharp recognition of the metropolis-hinterland division and intimations of the role of class, there is no clear treatment of class structure and forces. As will be mentioned later, this has been a typical problem in metropolis-hinterland approaches, although it deserves to be emphasized that Fowke did go further in this direction than other theorists of the wheat staple.

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[148] G.E. Britnell, V.C. Fowke, M.F. Timlin, and K.A.H. Buckley, Workable Competition and Monopoly: The Public Interest and the Control of Combines in Canada, Submission to the Royal Commission on Canada's Economic Prospects, Saskatoon: University of Saskatchewan, 1956, p. 5.

[149] Ibid., p. 10.

[150] See also some of Fowke's other writings, in particular: "Dominion Aids to Wheat Marketing", Canadian Journal of Economics and Political Science, Vol. 6, 1940, pp. 457-463; "Economic Effects of the War on the Prairie Economy", Canadian Journal of Economics and Political Science, Vol. 11, 1945, pp. 373-387; An Introduction to Canadian Agricultural History, Toronto; University of Toronto Press, 1947.

[151] P. Phillips, op. cit., p. 85.

[152] Ibid., p. 85. See also, The National Policy and the Wheat Economy, Toronto: University of Toronto Press, 1957, Chapter 3.

Several of Fowke's writings dealt directly with political economic power, in particular, showing a considerable sympathy for the position of the farmer. Here his conclusion was evident: "the grain grower has been anything but successful in having policy made by rather than for him."[153] In the 1950s, with the growing interest in "development economics", Fowke argued for "a reinterpretation of the West as an underdeveloped region".[154] He chose to define "economic underdevelopment" as occurring "wherever an abundance of natural resources, useful and accessible by existing techniques of production, is exploited to a negligible extent",[155] which he saw as most appropriate for the North American continent. The staple concept of the scarcity of labour, capital and entrepreneurship relative to land is present and there is no reference to regional (or class) exploitation. While accepting the existence of an "humanitarian motive" to ameliorate underdevelopment, he argued it was not significant in the

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[153] V.C. Fowke and Donald Fowke, "Political Economy and the Wheat Grower", in Norman Ward and Duff Spafford (eds.), Politics in Saskatchewan, Don Mills: Longmans Canada, 1968, p. 220. See also a critical estimate of the role of Royal Commissions on agriculture problems, V.C. Fowke, "Royal Commissions and Canadian Agricultural Policy", Canadian Journal of Economics and Political Science, Vol. XIV, 1948, pp. 163-175.

[154] V.C. Fowke, "National Policy and Western Development in North America", Journal of Economic History, Vol. XVI, No. 4, 1956, p. 461.

[155] Ibid., p. 462.

North American situation. Instead, "the investment frontier and the defensive or strategic motives . . . were at the heart of the policy of western development evolved by successive generations of Americans and Canadians, just as they are at the heart of present day developmental policy couched in global terms."[156] Fowke's reference to the global situation and the general tenor of his article recognized implicitly the existence of a predatory metropolitanism, if not imperialism, and this placed him at some variance with the major trend of Cold War ideology.

Kenneth A. Buckley (1918 -)[157], also of Saskatchewan, was influenced strongly by the staple theory and frontierism, although his approach was more quantitative and tended to be critical of certain applications of the staple theory. His major work, Capital Formation in Canada, 1896-1930, recognized the central position of the wheat staple, and its role as a stimulus to investment and capital formation:

> The production of wheat on the Canadian prairie provided the basic economic opportunity in the economic development of Canada from 1896 to 1930. This opportunity attracted labour and capital to the direct exploitation of virgin land resources and induced investment throughout the economy in major secondary and tertiary industries and through these, in housing and other community facilities greater by many times than the investment on the agricultural frontier itself. This leverage effect, the most significant aspect of the frontier, the most determining factor in the development of Canada's economic structure and, to a large extent, of its political structure as well. Political and economic behavior was influenced by the prairie, even in advance of its emergence as

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[156] Ibid., p. 463.

[157] For a discussion of Buckley's contributions, see M.C. Urquhart, "Introduction" in K.A.H. Buckley, Capital Formation in Canada, 1896-1930, Toronto: McClelland and Stewart, 1974, (first edition, 1955), pp.vi-xiii.

> a wheat economy, through the anticipations of its impact when it should emerge. Other factors, such as the past experience and failures of isolated colonies in British North America, the availability of capital funds, the pattern of American experience, and, especially, the geography of the country, were important in the development; but the crucial determinant was the opportunity anticipated and finally realized on the prairie frontier.[158]

Buckley argued that the difficult physical environment required capital formation beyond the private means then existing; so the state was compelled to invest, such as in railways and canals: "large external economies were apparently created by the government activities and large-scale booms induced".[159] By the late 1950s, Buckley had continued his statistical interests and was more critical of the staple approach. A 1958 paper argued that the staple theory was "both practicable and efficacious in the period ending in 1820",[160] but beyond that the staple approach had major limitations. A principal concern of Buckley was that data did not exist in a form which would give precise answers to questions such as where and how much capital formation was induced by the emergence of the wheat economy. Thus, he proposed an alternative approach, but one "that is not inconsistent with the staple theory." In essence, he suggested replacing the notion of an "opportunity structure determined by geography and natural resources" with "a general concept of economic opportunity without specifying determinants and then concentrate upon what has happened to the measurable dimensions of productive capacity by areas, industries, and in the country as a whole in the course of their growth through time."[161]

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[158] K.A.H. Buckley, op. cit., p. 2-3.

[159] Ibid., pp. 3-4.

[160] K.A.H. Buckley, "The Role of Staple Industries in Canada's Economic Development", Journal of Economic History, Vol. XVIII, No. 4, 1958, pp. 439-452.

While Buckley was interested primarily in quantitative measurement,[162] he did theorize about the role of population movements in the process of development. He believed that population movements "are induced by the initiation of some other opportunities, and that once they begin they in their own turn induce further movements of population and this process accumulates."[163] For Buckley, the attendant "long swing" of growth came to an end when the demands of the growing population for social capital goods such as railways and housing is saturated.

The trend of "metropolitanism" had several further significant adherents during the 1940s and 1950s, notably W.L. Morton, J.M.S. Careless, and D.C. Masters. As the one of these three historians most interested in western Canada, William Lewis Morton (b. 1908), devoted much of his energy to develop the theme of regionalism.[164] His broadly frontierist approach[165] rested on the "metropolitan-hinterland relationship."[166]

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[161] Ibid., p. 445.

[162] See, in particular, M.C. Urquhart with K.A.H. Buckley (eds.), Historical Statistics of Canada, Toronto: Macmillan Company of Canada, 1965.

[163] Cited in the "Introduction" by M.C. Urquhart to Capital Formation in Canada, p. xii.

[164] See Carl Berger, "William Morton: The Delicate Balance of Region and Nation", in Carl Berger and Ramsay Clark (eds.), The West and the Nation: Essays in Honour of W.L. Morton, Toronto: McClelland and Stewart, 1976, pp. 9-32.

[165] See William Morton, "The Northern Frontier: Key to Canadian History", in W. Kilbourn (ed.), Canada: A Guide to the Peaceable Kingdom, Toronto: Macmillan of Canada, 1970, pp. 280-284.

[166] Ibid., p. 13.

Morton argued that the Laurentian thesis left the picture of a metropolitanism centred in Montreal and Toronto, but that "such an economically determined metropolitanism implies political imperialism, at least when the metropolitan power has competitors of equal or greater power."[167] Further, he claimed, the implications of the Laurentian thesis were "a metropolitan economy, a political imperialism of the metropolitan area, and uniformity of the metropolitan culture throughout the hinterlands."[168] While balking at the last point, he accepted the first point, arguing that the West had been a "subordinate region" ever since Confederation. Confederation itself "was brought about to increase the wealth of Central Canada". This experience gave the West its "sectionalism" and made it less susceptible "to the brandishments of metropolitan 'nationalism'".[169] In referring to "Laurentian imperialism", Morton proclaimed that "It was the fate of the West to become the colony of a colony which brought to its new imperial role neither imagination, liberality, nor magnanimity". Consequently, "the subordination of the West, when added to its sharp sectionalism, gives it an incisive and cogent character of its own."[170]

In Morton, there is a strong geographical-technological determinism and preoccupation with the frontier. For example, in treating the process of settlement in the western interior, he argued that "the settlement of the west was in large measure a competition for site".[171] However, as society and technology developed the significance of site became less pronounced. Site was thus a function of both environment and technology.[172]

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[167] W.L. Morton, "Clio in Canada: The Interpretation of Canadian History", University of Toronto Quarterly, Vol. XV, No. 3, April 1946, reprinted in Carl Berger (ed.), Approaches to Canadian History, Toronto and Buffalo: University of Toronto Press, 1967, pp. 45-46.

[168] Ibid., p. 46.

[169] Ibid., p. 48.

[170] Ibid., p. 48.

State Theory

Some other approaches which emerged in the 1950s were focused on the role of the state in economic development. As noted, concern with the role of the state appeared as an element in Fowke's analysis of the National Policy. His article, "The National Policy--Old and New", saw two "national policies". The "old" National Policy came to an end with the 1930s and the close of the era of western expansion based on the wheat staple, railways, protective tariffs, and immigration. It was superceded, beginning in the 1930s, by the growth of state activity in new areas, reflecting a "new" national policy. Fowke identified three main areas: the expansion of public welfare measures, monetary management, and agricultural stabilization policy.[173] These Keynesian-type measures emerged out of the crises of the depression and marked a fundamental change in the direction of state policy in Canada. The first

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[171] W.L. Morton, "The Significance of Site in the Settlement of the American and Canadian West", Agricultural History, Vol. 25, No. 3, July 1951, p. 97.

[172] Ibid., p. 104.

[173] V.C. Fowke, "The National Policy--Old and New", Canadian Journal of Economics and Political Science, Vol. 18, No. 3, August 1952, pp. 271-286, reprinted in W.T. Easterbrook and M.H. Watkins (eds.), Approaches to Canadian Economic History, pp. 256-257.

National Policy's concern with expansion had been replaced by a concern with stabilization.[174]

Two other writers, W.T. Easterbrook and H.G.J. Aitken, were strongly influenced by U.S. Cold War social science. Indeed, Drache considers Easterbrook part of a group he calls the "Launderers" since in their hands the discipline of political economy was "cleaned up and made more palatable in the era of American social science".[175] This was felt in the dropping of concerns with the national dimension in Canadian political economy, and in avoiding the analysis of the social relations of capitalism in Canada.[176] Easterbrook and Aitken together authored a standard textbook on Canadian economic history which reflects a modified form of staple approach and "selective institutional history":

> This book requires no extensive introduction. It is and purports to be nothing more than a straightforward presentation of the leading events and processes of Canadian economic history, selected and arranged in such a way that they will have meaning for the interested reader.
>
> . . . The authors of this book share a common interest in economic organization, both on the level of the national economy and on that of the individual business unit. If this book has a central focus, it is on the part which business organizations, big and small, working in co-operation with government, have played in creating a national economy in Canada.[177]

Aitken's work of most direct relevance to the Prairies is his 1959 article, "Defensive Expansionism: The State and Economic Growth in Canada". Here he argued that the state in Canada has taken the "responsibility for creating a national economy and the conditions in which it could survive."[178] Thus, the National Policy was an act of "defensive expansionism" designed for 'nation-building' purposes. In treating the National Policy, Aitken gave no consideration to class relations nor to metropolitan-hinterland exploitation, although the matter of relations between "the state" and "private enterprise" was broached in a superficial manner. Aitken also drew some broad conclusions about the role of the state, but again there was little if any mention of regional or class questions:

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[174] Paul Phillips, op. cit., p. 89.

[175] Daniel Drache, "Rediscovering Canadian Political Economy", in W. Clement and D. Drache (eds.), A Practical Guide to Canadian Political Economy, Toronto: James Lorimer and Company, Publishers, p. 28.

[176] Ibid., p. 30.

[177] W.T. Easterbrook and H.G.J. Aitken, Canadian Economic History, Toronto: Macmillan of Canada, 1956, p. v.

> The role of the state in Canadian development has been that of facilitating the production and export of those staple products. This has involved two major functions: planning and to some extent financing the improvement of the internal transport system; and maintaining pressure on other governments to secure more favourable terms for the marketing of Canadian exports. In relation to economic development, the escape from colonial status and the achievement of political independence in Canada have meant primarily the creation of a political apparatus competent to perform these functions effectively.[179]

Furthermore, the expansionism of the Canadian state is qualified as "defensive", thus conveniently shrouding aggressive and predatory aspects, not to mention "imperialism", in the rhetoric of "self-defense". While Aitken agreed that "the course of economic development in Canada can be called expansionist",[180] he made two decisive qualifications. First, expansion has been frustrated at times by the demand conditions in foreign markets and by delays or unwillingness of the state to support particular capital projects required for expansion. The second qualification, according to Aitken, was that Canadian expansionism was defensive in character. In a passage which not only raises several issues of substance but questions of meaning, Aitken concluded:

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[178] H.G.J. Aitken, "Defensive Expansionism: The State and Economic Growth in Canada", in H.G.J. Aitken (ed.), The State and Economic Growth, New York: Social Science Research Council, 1959, pp. 79-114, reprinted in W.T. Easterbrook and M.H. Watkins (eds.), op. cit., p. 209.

[179] Ibid., pp. 220-221.

[180] Ibid., p. 221.

> . . . expansionism in Canada has been induced rather than autonomous. It has been contingent on state action both in the political integration of widely separated regional economies and in the provision of indispensable transport facilities. Throughout Canadian development expansionism has been defensive in character. It has been part of a general strategy of containing expansionism of the stronger and more aggressive economy of the United States and preserving a distinct political sovereignty over the territory north of the present international boundary. Each phase of expansion in Canada has been a tactical move designed to forestall, counteract, or restrain the northward extension of American economic and political influence. Primary responsibility for maintaining and strengthening this policy of defensive expansionism has fallen on the state.[181]

W.T. Easterbrook (b. 1907) also focused on the role of the state, particularly in relation to his theory of "uncertainty". Easterbrook's only published work shows his liberal imbibing of Cold War positions. In a 1949 article, Easterbrook dealt with the concepts of "freedom" and "security", arguing against the view that the two are necessarily opposed in liberal philosophy and the competitive market system:

> In spite of the tendency in economic writings to discuss freedom in general, and security (again in general) as the antithesis of freedom, both the freedom and the security of one particular entity are commonly regarded as fundamental to a "stable and progressive society", namely, the freedom and security (not antithetical) of the entrepreneur, an entity both free and secure, as entrepreneur, to make his decisions, to innovate, and to seek profits according to the criteria of the freely

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[181] Ibid., p. 221.

> competitive market. The health and welfare of this entity is the basis of the health and welfare of society itself; and his security, which I shall label "entrepreneurial security" is the basic security.[182]

In discussing "the security environment", Easterbrook noted the critical importance of "social security" since it is "a condition of survival of entrepreneurship . . . security against want for that part of the populace which matters politically."[183] Easterbrook's obvious class position reiterated the typical "Liberal" rationalization of state intervention and "reformism": defend the class system by granting concessions in social welfare programmes and regulations.

> . . . granted the assumption that a workable free economy is a necessary condition of political democracy, the aim of entrepreneurial freedom can best be served by a thorough examination of the whole set of limitations within which action directed to the attainment of this ideal must take place. . . . The primacy of the need for external defence, the almost overwhelming demands for social security minima in a world not enamoured of the uncertainties generated by market forces, the increasing tendency to doubt that any close relationship exists between entrepreneurial freedom and the general good (partly a result of the confusion in the public mind between entrepreneur and bureaucrat as economic types), and the presence of serious internal tensions, these do not add up to a healthy free-enterprise environment. Faced with these appalling obstacles to the attainment of his ideal of freedom the liberal economist must accept the presence of centralization as a common feature of economic activity and press for a state strong enough, and wise enough, to provide a minimum of social security by measures offsetting the restrictionism of organized producer groups, to establish strong defences against aggression, and at the same time to work toward the far-off ideal of the competitive market.[184]

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[182] W.T. Easterbrook, "Political Economy and Enterprise", Canadian Journal of Economics and Political Science, Vol. XV, 1949, p. 325.

[183] Ibid., pp. 328-329.

[184] Ibid., p. 333.

From the concern with "security structures", Easterbrook proposed treating "uncertainty as a unifying concept of value in working toward a systematic approach to long-run economic change."[185] In looking at Canadian development and economic change he argued that: "study of change here and elsewhere might profitably begin with the examination of the primary uncertainty setting in which entrepreneurs have functioned, the centers and techniques of response to primary uncertainties and the part played by entrepreneurs in their reduction."[186]

In a 1957 article, Easterbrook continued on this theme, although with a somewhat broader basis. He proposed an approach with two focal points: first, "the entrepreneur, decision-maker in the investment of time, capital and energy in finance and trade, agriculture and industry" and, second, "the uncertainty which lies at the heart of entrepreneurial decisions".[187] He then distinguished between "enterprise" and "bureaucracy" which were seen as two "polar extremes". While "enterprise" was the ideal type of competitive firm à la Marshall, bureaucracy was even less precisely defined:

> The former [enterprise] is identified with wide dispersion of power and a preoccupation with short-run returns; this has points in common with the case of pure competition--freedom of entry, no direct control over price--a type not likely to be confused with real type situations. Bureaucracy has reference to concentration of power and a concern with duration, longevity, the long-time horizons that Arthur Cole and Oswald Knauth have written about.[188]

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[185] W.T. Easterbrook, "Uncertainty and Economic Change", Journal of Economic History, Vol. XIV, No. 4, 1954, p. 359.

[186] Ibid., p. 359.

[187] W.T. Easterbrook, "Long-Period Comparative Study: Some Historical Cases", Journal of Economic History, Vol. XVII, No. 4, 1957, pp. 573 574.

[188] Ibid., p. 574.

Thus, economic growth and development could be studied through the "security settings" of entrepreneurship:

> In sum, entrepreneurs as decision-makers, uncertainty as the key to change, and reference to polarities as a means of reviewing the direction and kind of changes in various situations, these provide the basis for discussion of questions centering on differential rates of growth or why growth at all.[189]

The general point made by Easterbrook was that different types of investment climate give rise to different types of entrepreneural response, in particular, "the closing of ranks where uncertainties are great, a loosening where these are lessened by circumstance or design."[190] In the case of Canada, the strong role of the state, such as in the National Policy, evolved in response to the pattern of insecurity. Here again appeared the theme of "defensive expansionism":

> The new Dominion inherited a structure in which geographical and market factors gave rise to a satellitic, vulnerable pattern of development, and national policies were such as to perpetuate this problem. It was doubtful whether there was any choice, for a geographical setting that had pulled traders into the continent too fast and too far now presented obstacles to settlement which only an enormously costly system of transportation could overcome. And the not always benevolent interest of the United States in key points in the Canadian network left no alternative to a forced hothouse process of development that has left its mark on the present. What emerged by the end of the nineteenth century was a nation still heavily committed to the support of a system of transportation and production for European markets; private entrepreneurs continued to function in a national structure whose outlines show little change over the century. Whether or not brief spurts of capital formation indicate one or more periods of take-off into advanced states of growth, the staying power of established institutions is clear enough.

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[189] Ibid., p. 575.

[190] Ibid., p. 575.

> In the first decade of this century, a period when national policies seemed to be paying off, technological change and the beginnings of new market alignments combined to ensure the continuance of a defensive role for Canadian entrepreneurship.[191]

Related to this passage is a view of institutions and structural change which played a prominent role in Easterbrook's approach:

> . . . an underlying theme of this paper . . . is the persistence of staying power of institutions that evolve in formative phases of growth to cope with the uncertainties that face entrepreneurship. It is only in rare instances that these give way to the point where free enterprisers break loose to transform the economy. There is, of course, no set or inevitable pattern in all this. The distinction between areas of persistence and of transformation takes on meaning only if given historical reference, and examination of the security-setting of entrepreneurship is suggested as one means of linking the abstract and the concrete.[192]

Associated with the above theme was a crude two-stage view of the development of institutions: "I am inclined to the view that a two-step sequence may be discerned in formative periods of economic growth: the early phase in which institutional arrangements take shape in various security-settings of entrepreneurship, and a subsequent phase marked by the persistence of established institutions in the face of change."[193] The actual degree of persistence is dependent on the "social environment", which in turn reflects "the presence of pressing uncertainties over the long-period".[194] Significantly, despite the importance of institutional development to Easterbrook's approach, there is no mention of institutional "crisis",

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[191] Ibid., pp. 579-580.

[192] Ibid., p. 581.

[193] Ibid., p. 588.

[194] Ibid., p. 589.

"deformation", or "decay".

Conclusion

In reviewing the various strands of academic thought leading from World War I to the Cold War period, it appears obvious that hard and fast divisions among the approaches of frontierism, the staple theory, and metropolitanism do not appear. There are some general notions and characteristic emphases, but hardly what could be considered precisely delineated or discrete theories.

The outstanding example of this is the case of Innis and Mackintosh. While both evolved a form of staple theory, their approaches diverged sharply, indeed, to the point that Drache has claimed there are actually two "traditions".[195] He suggests that while Mackintosh was "a passionate believer in capitalism as an essentially progressive system", Innis was "a critic of capitalism who increasingly came to believe that it betrayed its own values". Thus, in particular:

> Mackintosh argued that the export-led growth and expansion was the basis of industrial development: the era of the colonial staple prepared a settler country for gradual and eventual industrialization. Innis, conversely, held the view that Canada's staple-oriented economy would remain fundamentally dependent because centre-margin relations under capitalism are such that dependencies are prevented from developing into self-generating industrialized economies.[196]

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[195] Daniel Drache, op. cit., pp. 9-14.

[196] Ibid., pp. 13-14. The latter point is expressed in Innis's well-known statement that "the trade in staples . . . characterized an economically weak country". (The Fur Trade, p. 401.)

This type of cleavage is also present between other staple writers. For example, although both Fowke and Britnell concentrated on the same staple --wheat--Britnell's approach followed a position closer to Mackintosh while Fowke's was closer to Innis.

A similar cleavage exists between the approaches of frontierism and metropolitanism. Both are focused on "outer periphery" or "centre-margin" relationships, yet each has a different set of conclusions, with the ideological impact of frontierism tending to be more conservative while that of metropolitanism tending to be more 'liberal' and critical. However, even among frontierist and metropolitanist approaches themselves, one can observe significant variation. For instance, there is a considerable difference between the "environmentalism" (or frontierism, broadly conceived) of F.H. Underhill with its clear liberalism, and the more conservative and less critical approach of C.A. Dawson or W.N. Sage. Thus, any developed analysis of the political economic basis of the varied approaches could benefit initially from recognizing that the divisions within such general approaches as the staple approach are as significant as the divisions among such approaches.

Easterbrook considered the two staple traditions to reflect "the Queen's University tradition with its Scottish, practical bent and its stress on applied economics, and the . . . Toronto Historical School".[197] Furthermore, these schools of thought, which he characterized as "the applied economics of Queen's" and "the historical economics of Toronto", had set the main pattern of Canadian economics until the 1950s.[198]

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[197] W.T. Easterbrook, "Trends in Canadian Economic Thought", The South Atlantic Quarterly, Vol. LVIII, 1959, p. 91.

[198] Ibid., p. 92.

Without denying certain distinctive features of the Queen's and Toronto traditions, Easterbrook's analysis obscures the political economic determinants of these traditions. For example, the reference to the "Scottish, practical bent" of Queen's is hardly distinctive; Toronto also had economists of Scottish extraction and economists who had studied Scottish economists, including Innis himself, and it is certainly evident that interpreting 'practicality' as a criterion is itself dependent on particular political economic positions. What seems more obvious, although this would recognize the ideological element in economics, is that Queen's has had a generally more conservative tradition while Toronto has had a more liberal or critical tradition, which itself had historical, including material bases and which went far beyond the walls of Queen's University and the University of Toronto.

J.M.S. Careless (b. 1919), whose academic interests have included work on urban history in the West,[199] produced one of the best-known articles on Canadian historiography, "Frontierism, Metropolitanism, and Canadian History", in 1954. Careless considered there were four main "schools" in Canadian history. The first was the "Britannic School" (or, jokingly, the "Blood is Thicker than Water School") which was generally pre-World War I and strongly British imperialist in orientation.[200] The second was the "School of Political Nationhood" which was strongest in the 1920s and reflected a growing Canadian nationalism. Its main theme was "the march of Canada to political nationhood", but the school had two phases in its development. The first, which was more British in orientation (Chester Martin and R.G. Trotter) saw Canadian development within the general framework of British institutions, while the second was more nationalist, more critical of British imperialism, and Liberal in party sympathies (J.W. Dafoe, O.D. Skelton).[201]

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[199] See, for example, J.M.S. Careless, "Aspects of Urban Life in the West, 1870-1914", in A.W. Rasporich and H.C. Klassen (eds.), Prairie Perspectives 2, Toronto and Montreal: Holt, Rinehart and Winston, 1973, pp. 25-40; J.M.S. Careless, "Localism or Parochialism in Canadian History, B.C. Perspectives 2 (1972), pp. 4-14; J.M.S. Careless, "Urban Development in Canada", Urban History Review , No. 1-74, pp. 9-19.

[200] J.M.S. Careless, "Frontierism, Metropolitanism, and Canadian History", pp. 64-65.

The third group was the "Environmentalist School" (or "North Americans All" School) which emerged in the late 1920s and was strongest in the 1930s. This was greatly influenced by Turner and frontierism, and tended to be continentalist and Liberal (F.H. Underhill, W.N. Sage, A.R. M. Lower, A.S. Morton and A.L. Burt).[202] Careless maintains there were three stages in the use of the frontier interpretation in Canada. In the first, there were "stimulating applications of frontierist themes and concepts to the Canadian half of the North American environment".[203] In the second, there appeared "criticisms and modifications of the frontier interpretation, although the environmentalist emphasis was still much in evidence".[204] In the third, "new emphasis was given to the role of eastern rather than western forces in Canada, to urban interests and to the dominating power of the organizing, controlling metropolis".[205]

The fourth group was the "Laurentian School" (or "Waterways School") which was more sharply nationalist, particularly against the continentalism and Liberalism of the third school.[206] Careless saw in the Laurentian School (H.A. Innis, D.G. Creighton) the emergence of a "metropolitan" rather than "frontier" viewpoint since the school "primarily studied the effects of the east on the West".[207] He argued that metropolitanism is "at root a socio-economic concept" which had some application in the work of A.R.M. Lower and D.C. Master, and that it could provide "a new perspective that may disclose new vistas and produce new patterns for Canadian history".[208] Presumably, for Careless, metropolitanism should become the fifth school in Canadian historiography.

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[201] Ibid., pp. 65-66.

[202] Ibid., pp. 67-70.

[203] Ibid., p. 71.

[204] Ibid., p. 72.

[205] Ibid., p. 73.

Careless' historiographical approach has several serious weaknesses. Most importantly, the "schools of thought" he identified were not related to their socio-economic roots. Predictably, the role of ideology and social class were ignored, and 'nationalism' was treated in such a superficial manner that the role of French Canada was ignored. Viewing 'nationalism' in Canada in the abstract or in general tends to obscure the fact that it is mainly English-Canadian nationalism to which Careless referred, and that it is a nationalism with a class character, mainly "bourgeois nationalism". This approach is also reflected in Careless' view of 'imperialism'. In his article, one wonders why some of the Britannic School were referred to as "convinced imperialists",[209] yet immediately after World War I, there were no "imperialists" to be found, whether convinced or otherwise. Even an extremely narrow, if not misleading, definition of imperialism such as provided by Berger[210] does not allow an escape for Careless, because the trends in historical thought before World War I were broader than this narrow 'imperialism'. But, if broader, how much broader, and what of those imperialist approaches that did not reflect the alleged 'nationalism' or other features of the narrow 'imperialism'--were they possibly of a type of 'imperialism' which did not die after World War I? There is here a serious problem which cannot be glossed over by simply lumping one or all 'imperialisms' into a "Britannic School".

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[206] Ibid., pp. 76-78.

[207] Ibid., p. 78.

[208] Ibid., pp. 79-83.

[209] Ibid., p. 64.

While Careless's article does help to show certain variations in the character of the frontierist, staple, and metropolitanist approaches, it does not recognize their essentially ideological character. In particular, as one digs deeper and observes the shifting character of the approaches over time, their often vague and indeterminate formulations, their major omissions, and the limited consideration of important theoretical concepts and assumptions, it is evident that these "currents of thought" have a major ideological significance which deserves to be fully recognized from a serious 'scientific' standpoint. In early pre-World War I approaches, where crude notions of 'social Darwinism' and 'biological determinism' appear so strongly, the gap existing between thought and reality is painfully obvious and almost begs for some comprehensive explanation. Nonetheless, in Careless, as in numerous other established historiographical treatments, little has been said about the ideological character or bases of even the "disproved" or "discredited" theories. This point is doubly significant since what may appear to have been rejected has often been only reformulated in a less crude fashion. Such has been the case with biological determinism, which remains to this day in more sophisticated forms as an influential theory despite its unscientific character.[211] Without an analysis of the ideological character of approaches, whether scientific or unscientific, there is not only a greater probability of repeating earlier mistakes but there is also less attention to fundamental assumptions.

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[210] Berger writes: "In the context of Canadian history imperialism means that movement for the closer union of the British Empire through economic and military co-operation and through political changes which would give the dominions influence over imperial policy. Though British North Americans had traditionally taken pride in their connection with the Empire and though the movement for imperial unity drew upon sentiments and traditions which had originated in the distant past, organized efforts to prevent the dissolution of the imperial tie, to strengthen and transform it, began with the formation of the Imperial Federation League in London in 1884 and the subsequent appearance of its branches in Canada." (Carl Berger, The Sense of Power, p. 3.)

While certain differences among the main approaches have been distinguished if not amplified, the common or uniting elements have not been considered. In large part this reflects the class character of Careless's own analysis. Whatever their differences, the general approaches he identified share a common 'bourgeois outlook'. While this outlook reflects not only the stage of internal development of the Canadian economy and society, certain internal divisions and also its varying relations with British and U.S. imperialism, an equivalent recognition of the common character of the approaches is necessary to understand much of their shifting, overlapping, interwoven, and essentially indistinguishable character. Without such an analysis, the classification process can become highly subjective, and lead to arbitrariness, equivocation, and endless haggling.

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[211] See, for example, Doris and Francis Bartlett, "Social Implications of Biological Determinism", Science and Society, Vol. XXXV, No. 2, Summer 1971, pp. 209-219.

Another matter that flaws Carless's account but which is essential to a thorough analysis of the ideology of all approaches, is consideration not only of what is treated, but of what is not treated or ignored. This is most evident in the 'omission' of the role, interests and perspectives of sections of the population outside the ruling circles of capitalist society. The non-treatment or superficial treatment of certain subordinate classes or groups such as labour, the Native Peoples, women, national minorities, and 'radicals', is a decisive feature of many approaches. It was particularly significant, for example, that there was relatively little academic interest shown in the history of the labour movement in Canada until the late 1930s and 1940s.[212] Such a lacuna can say a great deal about the character of certain approaches. Similarly, certain approaches themselves can be blacked out entirely by ignoring these subordinate classes or groups. In this respect, it is significant, for example, that Careless would write an historiographical review without so much as referring to Marxism or mentioning such writers as Myers.

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[212] The first prominent academic writing on labour history in Canada was an article by Robert Hamilton Coats, "The Labour Movement in Canada", published in 1914 as part of the Canada and Its Provinces series (Vol. IX, pp. 277-355). Coats (1874-1960), who became Dominion Statistician, also edited a volume of survey essays on Canada which included contributions on labour topics by Idele Wilson and H.A. Logan (Features of Present-Day Canada, American Academy of Political and Social Sciences, Annals, Vol. 253, September 1947, Philadelphia, 1947).

The first book on Canadian labour history was not published until 1928 (Harold Amos Logan, The History of Trade Union Organization in Canada, Chicago: University of Chicago Press, 1928). H.A. Logan (1889-) was the first leading academic figure in the field and, for many years, his book and Coats's article were the only published academic works. A few theses, particularly in the early 1920s, considered aspects of labour history, and a general study of labour in Canadian-U.S. relations was completed in 1937 (N.J. Ware and H.A. Logan, with an editorial introduction by H.A. Innis, Labor in Canadian-American Relations, Toronto: Ryerson, 1937). The first major general academic treatment of Canadian labour to be published in Canada did not appear until 1948 (H.A. Logan, Trade Unions in Canada: Their Development and Functioning, Toronto: Macmillan, 1948).

A somewhat contrasting approach to the delineation of general approaches or schools of thought, was posed by Danial Drache in his essay "Rediscovering Canadian Political Economy". Drache's analysis indicates a deeper awareness of the ideological character of Political Economy and History, although this is subject to certain weaknesses which are similar to those in the Careless analysis. In essence, Drache's essay reflects the renewed interest in Canadian political economy which has emerged with this growing resistance to imperialism, particularly U.S. imperialism, and the gradual abatement of the Cold War. Having just "rediscovered" the Canadian political economy tradition, Drache attempted to classify the main schools, which appeared for him to fall into "seven fairly well-defined phases".[213] Briefly, they were: the Founders (Innis, Creighton, Mackintosh, Lower, Morton); the "State Theorists" (Underhill, Corry, Hodgetts, Scott, Forsey, Trudeau); the "University of Toronto Practitioners" (Easterbrook, Dales, Bladen, Clark, Aitken); the "Hinterlanders" (Fowke, Britnell, Buckley, Soward, Saunders); the "Post-Innisians" (Mallory, Macpherson, McLuhan, Pentland, Spelt, Ferns, Aitken); the "Launderers" (Deutsch, Porter, Careless, Becher, Reisman); the New Political Economy (Ryerson, Nelles, Watkins, Naylor, Clement).[214]

Such classification schemes as those of Easterbrook, Careless, and Brache[215] have a certain usefulness in introducing some main themes and issues of academic thought on Canadian development. However, until there are some clearer principles of classification which recognize more deeply the ideological character and socio-economic bases of the various trends of thought, we are faced with only "rough though convenient" typologies.

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[213] Danial Drache, op. cit., pp. 2-3.

[214] Ibid., pp. 2-3. Morton refers to W.L. Morton.

[215] Some others are listed in the appended bibliography.

In the next chapter it is proposed to consider briefly the period of the 1950s and following. Treating the literature of this more 'contemporary' period poses similar problems of those just mentioned, as well as the problems of greater "technical" complexity presented by the dominance of neoclassical economic thought. However, since similar underlying issues are involved, especially in dealing with long-term structural aspects of Alberta's development, this thesis generalizes from the fundamental economic theoretical trends present among the various approaches, without detailing their interconnected or contradictory features, or interpreting their many emphases and nuances.

Chapter Three

Contemporary Approaches and Trends in the Study of Development in Alberta and the Western Interior

> A people living under the perpetual menace of war and invasion is very easy to govern. It demands no social reforms. It does not haggle over expenditures on armaments and military equipment. It pays without discussion, it ruins itself, and that is an excellent thing for the syndicates of financiers and manufacturers for whom patriotic terrors are an abundant source of gain.
>
> Anatole France (1908)

The role of U.S. corporate and state interests in Canada increased dramatically during the 1940s, a trend which was reinforced and accelerated by the Cold War. The increased pressures for continental integration also had their impact in the academic realm. At first, especially during the 1940s, there was a considerable differentiation of approaches, including ones critical of U.S. imperialism (such as Innis and Creighton). However, by the early 1950s, the Cold War onslaught, including the 'hot war' in Korea (1950-52), had driven academic economics in Canada sharply to the right and opened it for the neoclassical deluge.

In the generalized conditions of fear, hostility and outright repression against left-leaning positions, major changes took place in Canadian economics. Under the guise of 'modernizing' Canadian social science, positivistic neoclassical economics flooded into Canadian universities. With the post-Sputnik 'boom' in government and university research and education, many of those who had accepted or been trained into accommodation with the new right-wing tide rose to leading positions in government and the academe. By the early 1960s, the number of Canadian published academic economists and historians 'out-of-step' with the general neoclassical approach was miniscule.[1]

There have been innumerable and detailed critical treatments of classical and neoclassical ('bourgeois') economics, as well as of their philosophical bases in empiricism and positivism.[2] While the criticisms will gain no added credibility by being repeated here, it is necessary to mention a few key problems stemming from the general neoclassical approach. If scientific theories are to be judged on the criteria of correspondence to facts, internal consistency, and adequacy, then it is inevitable that the neoclassical approach will face certain problems. Even if one ignores, for example, the underlying value theory, the methodological individualism, fundamental definitional problems (notably "capital"), questionable assumptions (about competition, material self-interest, etc.), and an implicit "structural functionalism" with regard to social relations, as well as any internal inconsistencies such as debated in the Cambridge "capital controversy", there is still the problem of adequacy. Is the theory capable of explaining certain economic phenomena? It is implied in the following discussions that, at very least, the neoclassical approach is incapable of dealing with not only the long-term dynamic and structural character of capitalist development but also the transformation of pre-capitalist to capitalist economy. As Marx noted, "It is . . . self-evident that a theory which views modern capitalist production as a mere passing stage in the economic history of mankind, must make use of terms different from those habitual to writers who look upon that form of production as imperishable and final."[3]

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[1] Notable members of this small fraternity included S.B. Ryerson and H.C. Pentland.

[2] Among some relatively recent writings are: Michael Bleaney, Underconsumption Theories: A Historical and Critical Analysis, London: Lawrence and Wishart, 1976; I.G. Blyumin (ed.), Theories of "Regulated Capitalism": A Collection of Articles, Moscow: Foreign Languages Publishing House, n.d.; Maurice Dobb, Welfare Economics and the Economics of Socialism: Towards a Commonsense Critique, Cambridge: Cambridge University Press, 1969; A Gamble and P. Walton, Capitalism in Crisis: Inflation and the State, London and Basingstoke: Macmillan Press, 1976; Francis Green and Petter Nore (eds.), Economics: An Anti-Text, London and Basingstoke: Macmillan Press, 1977; E.K. Hunt and Jesse G. Schwartz (ed.), A Critique of Economic Theory, Harmondsworth, Eng.: Penguin Books, 1972; Marc Linder, with Julius Sensat, Jr., Anti-Samuelson, New York: Urzon Books, 1977, 2 vols.; Irina Osadchaya, From Keynes to Neoclassical Synthesis: A Critical Analysis, Moscow: Progress Publishers, 1974.

Under the impetus of the neoclassical approach there was an increasing emphasis towards technical manipulation and away from theory. Teaching and research in the history of economic thought, economic history, and Canadian political economy all suffered.[4] Nevertheless, countervailing historical developments began to appear in the late 1950s. An ever increasing series of crises began to emerge for the developed capitalist countries, particularly the U.S., which was reflected in a growing differentiation among neoclassical approaches as well as in economics (and history) as a whole. The war in Vietnam was of special significance in weakening the ideological hold of neoclassical economics. The appearance of growing numbers of left-leaning critics of capitalist development, including the "New Left", and an awakening interest in the "Old Left", most evident in the late 1960s, was a major consequence of the rising trend of anti-imperialist resistance. Canadian economics and history witnessed a sharpening interest in the issue of "foreign ownership", and earlier "nationalist" writers such as Innis and the "Toronto Historical School" were "rediscovered". Following the defeat of U.S. imperialism in Vietnam, and with further crises in the developed capitalist economies, there has emerged in the last few years a renewed rightist reaction stemming from high-level corporate and government circles.[5] Reflecting the sharpening of relations between labour and capital, one sees in academic economics and history the further differentiation of positions and a greater interest in pressing issues, for example, budget cutbacks, 'foreign' student and 'immigration' issues, the 'energy crisis', wage and price controls, constitutional questions, and so on.

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[3] Karl Marx, Capital: A Critique of Political Economy, London: Lawrence and Wishart, 1970 (first English edition, 1881), Vol. I, p. 5.

[4] For instance, as has been noted by several critics of present Canadian economics programmes, it is possible--and typical--that students studying economics in Canada, including the University of Alberta, can complete degrees up to the level of the Ph.D. without having heard so much as a lecture on Harold Innis or read a single economics book written prior to the 1950s.

Viewed in historical perspective, the changes taking place in economics show the deep imprint of crises in capitalist development. The First World War and its aftermath saw sharpened criticism of British imperialism and a greater realism regarding Canadian capitalism. Despite a short-lived 'boom' period during part of the 1920s, the Great Depression also intensified criticism of capitalism. By the 1940s, crisis after crisis had compelled greater realism among increasing numbers of economists and citizens as a whole. The Cold War attempted to reverse that trend and, to a degree, succeeded. However, the problems of capitalist development remained. Even in the post-World War II 'boom' and the aggressive expansion of U.S. corporate and state interests in Canada, intense political and economic struggles were waged, although at the time they had little immediate impression in increasingly conservative academic circles. But with the persistence of "regional inequalities", the growth or racial, urban, environmental, and energy crises, even neoclassical economics was compelled to recognize certain intractable realities. Influenced directly by events in the United States, Canadian university and college programs in economics training and research, saw the proliferation of "specialties" such as "regional economics", "urban economics", "environmental economics", "energy economics", the "economics of poverty" and "development economics". Even such basic matters as textbook content and selection have begun to reflect the growing awareness of diversity in economic thought and the existence (but not the academic respectability) of critical and anti-capitalist trends.[6]

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[5] One can note sharper intervention of corporate interests directly in the academic field, for example, in the establishing of the rightist Fraser Research Institute, See Donald Gutstein, "Corporate Advocacy: The Fraser Institute", City Magazine, September 1978, pp. 32-39.

The long-run general trend of economics in Canada since World War I has been towards fewer material ties to capitalist interests and greater openness to centrist (or 'liberal') and even left-leaning critical approaches. This has been most evident in periods of serious crisis. However, the countervailing approaches, which tend to gain added impetus during periods of reaction, still dominate economic thought in Canada. This, as will be seen, is no less the case in approaches to the development of capitalism in Alberta as it is in other areas of economics and the social sciences.

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[6] This is apparent, for example, in the evolution of Paul Samuelson's economics textbook, probably the most used introductory economics text in North America. See especially, Paul A. Samuelson and Anthony Scott, Economics, Fourth Canadian edition, Toronto: McGraw-Hill Ryerson, 1975, Chapter 41.

General Approaches in Recent Years

The persistence of uneven regional development in the west received relatively little attention during the post-World War II 'boom' period. There was considerable interest in oil and gas development, including pipeline, export, and industrial policy, during the "dynamic decade" after the 1947 Leduc discovery, and some application of the staple approach to this particular mineral staple.[7] And there was some interest in the role of the west as an aspect of the economic growth in Canada, which in turn reflected the resurgence of interest in the theory of economic growth.[8] In addition, there was a growing interest in "the far North", largely stimulated by mineral exploration and development, and by military involvement associated with the "DEW-line" project and NORAD.[9] Notable also was the interest of several social scientists in the previously mentioned Social Credit in Alberta series, which seemed geared to doing an academic autopsy on the "at-one-time-radical" Prairie province. While the emphasis tended to be towards political and sociological matters, there were matters of economic significance.

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[7] See, for example, Eric Hanson, Dynamic Decade: The Evolution and Effects of the Oil Industry in Alberta, Toronto: McClelland and Stewart, 1958; and G.E. Britnell, "Perspective on Change in the Prairie Economy", Canadian Journal of Economics and Political Science, Vol XIX, No. 4, November 1953, pp. 437-454; Richard E. Caves and Richard H. Holton, The Canadian Economy: Prospect and Retrospect, Cambridge, Mass: Harvard University Press, 1959, especially Chapter 6; A.W. Currie, Canadian Economic Development, Toronto: Thomas Nelson and Sons (Canada), 1960, (first edition, 1942), especially Chapter 10.

[8] See, for example, K.A.H. Buckley, Capital Formation in Canada, 1896-1930, Toronto: McClelland and Stewart, 1974 (first edition, 1955); K.A.H. Buckley, with comments by P. Hartland, D.H. Jones, and O.J. Firestone, "Capital Formation in Canada", in National Bureau of Economic Research, Problems of Capital Formation: Concepts, Measurement, and Controlling Factors, Conference on Research in Income and Wealth, Princeton: Princeton University Press, 1957, pp. 91-145; K.A.H. Buckley, "The Role of Staples in Canada's Economic Development", Journal of Economic History, Vol. XVIII, No. 4, 1958, pp. 439-450; Penelope Hartland, "Factors in Economic Growth in Canada", Journal of Economic History, Vol. XV, No. 1, 1955, pp. 13-22; R.D. Howland, Some Regional Aspects of Canada's Economic Development, Ottawa; Royal Commission on Canada's Economy Prospects, 1957. During the Cold War period, the heightened interest in economic growth was fueled, if not precipitated by U.S.-Soviet rivalry; however, this underlying (though not always explicit) preoccupation was not as pronounced in Canada as in the U.S.

Perhaps most directly useful was C.B. Macpherson's Democracy in Alberta (1953) and V.C. Fowke's The National Policy and the Wheat Economy (1957). Macpherson's book is one of the few significant efforts at a class analysis of a major period of Alberta's development. This was an important advance on earlier Canadian political economy, especially so as it was done in the face of growing resistance to any approach tinged with Marxism:

> In trying to understand its [democracy in Alberta] emergence and significance it became necessary to go beyond the geographic-economic interpretation that had been predominant in Canadian political economy. It has been customary to look, for formative influences, mainly to the geographical and economic attributes peculiar to the northern part of the North American continent. The results obtained by directing attention to these features have been so impressive that an apology seems required now for using, in an analysis of Canadian phenomena, concepts which are primarily European. This applies particularly to one concept used extensively in the final chapter. Nobody likes to be called petit-bourgeois; and the term is especially opprobrious in North America, where there is a disposition to hope or believe that we are immune from those class forces that operate plainly enough in Europe. . . . But . . . the political economies of Europe and Canada have

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[9] See, for example, Frank H. Underhill (ed.), The Canadian Northwest: Its Potentialities, Symposium Presented to the Royal Society of Canada in 1958, Toronto: University of Toronto Press, 1959.

similarities as important as their differences.[10]

Macpherson's analysis, which will be considered later, is an outstanding example, if not the culmination, of pre-Cold War social democratic thought on prairie development.

However, it was not until the 1960s that there occurred a notable proliferation of work on the development of Alberta and the prairie region. In economics, the neoclassical orientation remained predominant, although by the 1970s there was a growing interest in non-neoclassical approaches. Within the neoclassical field there were at least two significant "growth areas", both imported from economics in the U.S.. The first was the appearance of "regional economics" as a specialty, which itself was closely associated with renewed interest in "location theory" and, related to it, the rise of so-called "regional science".[11] The second was the appearance of the "new economy history" or "cliometrics"). Both areas are heavily dependent upon neoclassical microeconomic theory and, in turn, reflect its weaknesses. This quantitative preoccupation of "new economic history" has contributed to the study of certain statistical problems, but qualitative issues and structural-institutional matters, as in neoclassical thought generally, play no fundamental role and tend to be ignored.[12] A general theory or explanation of economic development in the western interior has yet to appear from the new economic history, although certain topics, to be noted later, have appeared.

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[10] C.B. Macpherson, Democracy in Alberta: Social Credit and the Party System, Toronto and Buffalo: University of Toronto Press, 1974 (first edition, 1953), p. xi.

[11] For an early survey article on regional economics, see John R. Meyer, "Regional Economics: A Survey", American Economic Review, Vol. LIII, 1963, pp. 19-54.

[12] For three criticisms of the "new economic history" in the U.S., see E.J. Hobsbawm, "Economic and Social History Divided", New Society, July 11, 1974, pp. 74-76; H.C. Pentland, "Recent Developments in Economic History: Some Implications for Local and Regional History", Historical and Scientific Society of Manitoba, Transactions, Series III, No. 24, 1966-1968, pp. 7-15; I. Kovalchenko and N. Sivachev, "Structuralism and Structural-Quantative Methods in Modern Historical Science", Social Sciences, U.S.S.R. Academy of Sciences, Vol. IX, No.1, 1978, pp. 60-82.

The Economic Council of Canada in their fourteenth annual review (1977), Living Together: A Study of Regional Approaches, outlined five approaches to the study of regional disparaties. These included: the Staples approach, the Development approach, the Neoclassical approach, the Keynesian approach and the Regional Science approach.[13] While it is beyond the present scope to consider each in depth, a few points deserve mention. In particular, while there are differences of approach in the five positions, there is also a commonness of approach which is not drawn out, that is, they all share the ideology of economic liberalism. Predictably, all opposing positions, particularly any that hint of a class analysis, are excluded.

Even with respect to the staple approach, the 1960s saw the "neoclassicization" of the approach. In 1963, Melville Watkins proposed a staple theory of economic growth using traditional neoclassical categories.[14] Other work of this type, including some directed towards attacking the staple approach, was done by G.W. Bertran,[15] R.E. Caves,[16] E.J. Chambers and D.F. Gordon.[17] This trend has been criticized both by a later Watkins from a "Neo-Marxist" approach[18], and by R.F. Neill[19], whose comments will be considered presently. According to the Economic Council of Canada, the strength of the staple theory lies in its capacity to account for differing rates of employment and growth, and perhaps incomes, through "differences in the availability of marketable natural resources".[20]

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[13] Economic Council of Canada, Living Together, Chapter 3.

[14] M.H. Watkins, "A Staple Theory of Economic Growth", Canadian Journal of Economics and Political Science, Vol. XXIX, May 1963, pp. 141-158; reprinted in W.T. Easterbrook and M.H. Watkins (eds.), Approaches to Canadian Economic History, Toronto: McClelland and Stewart, 1967, pp. 49-73.

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[15] Gordon W. Bertram, "Economic Growth and Canadian Industry, 1870-1915: The Staple Model and the 'Take-Off Hypothesis'", *Canadian Journal of Economics and Political Science*, Vol. XXIX, May 1963, pp. 162-184; The Relevance of the Wheat Boom in Canadian Economic Growth", *Canadian Journal of Economics*, Vol. VI, November 1973; "Historical Statistics on Growth and Structure in Manufacturing in Canada, 1879-1957", with discussion by E.J. Chambers, Canadian Political Science Association, *Conference on Statistics*, 1962 and 1963, pp. 93-151.

[16] Richard E. Caves, "'Vent for Surplus' Models of Trade and Growth", in *Trade, Growth and the Balance of Payments: Essays in Honour of Gottfried Haberler*, Chicago: Rand McNally, 1965; "Export-Led Growth and the New Economic History", in J.N. Bhagwati et al (eds.), *Trade, Balance of Payments and Growth: Papers in Economics in Honour of Charles P. Kindleberger*, Amsterdam: North Holland, 1971.

[17] Edward J. Chambers and D.F. Gordon, "Primary Products and Economic Growth: An Empirical Measurement", *Journal of Political Economy*, Vol. LXXIV, 1966, pp. 315-332. See also J.H. Dales, J.C. McManus and M.H. Watkins, "Primary Products and Economic Growth: A Comment", *Journal of Political Economy*, Vol. LXXV, 1967, pp. 876-885; Edward Vickery, "Exports and North American Economic Growth: 'Structuralist' and 'Staple' Models in Historical Perspective", *Canadian Journal of Economics*, Vol. VII, February 1974, pp. 32-58.

[18] M.H. Watkins, "The Staple Theory Revisited", *Journal of Canadian Studies*, Vol. 12, No. 5, Winter 1977, pp. 83-95.

[19] R.F. Neill, "The Passing of Canadian Economic History", *Journal of Canadian Studies*, Vol. 12, No. 5, Winter 1977, pp. 73-82.

[20] Economic Council of Canada, *op. cit.*, p. 24.

Since their approach to the staple theory is limited to finding politically acceptable means of "managing" Canadian capitalism, it follows that the critical implications or anti-imperialist element in certain approaches to the staple theory are avoided. Thus, for example, the Economic Council is able to conclude that:

> If these views [that a region's prosperity depends on the continued availability of marketable resources] are correct and if it is not acceptable for a declining region to lose its population, then the only remedy is to subsidize the production of other goods or services that are readily marketable outside the region or that can be substituted for something previously imported. Manufacturing--especially of the type involving processing of the remaining domestic resources--is the favorite choice. . . . If some kind of subsidy is needed in a region, it is a sign that private enterprise considers it to be an inefficient place to locate a plant. Subsidies may be acceptable from a social point of view, however . . .
>
> All in all, the staple theory is a gloomy one . . .[21]

Once again, one is faced with a situation where a particular approach to the staple theory (à la Mackintosh) is harnessed to a fundamentally neoclassical perspective and almost voided of critical content.

The other four approaches mentioned by the Economic Council are even more directly confined by the neoclassical tradition. As far as the development approach is concerned, it is suggested that the usefulness of the theory is confined to explaining income differences rather than employment or population growth. In distinguishing the development approach from the staples approach, the Economic Council reveals again the narrowness of their interpretation of the staples approach:

> While the key elements in the staples theory have not been ignored by development economists, at-

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[21] Economic Council of Canada, op. cit., p. 24.

> tention has also been directed to many other factors, including capital accumulation, infrastructure, education and human capital, the level of technology, agricultural modernization, social structure, and attitudes, all of which help to determine productivity and to explain levels of production and income per person.[22]

Though the effective scope of items mentioned as receiving attention can be questioned, it is equally significant that the staple theory is viewed as not attending to such matters as technology, agricultural modernization, and infrastructure. Speaking charitably, it is evident that the Economic Council has hardly considered substantial parts of the work of Innis or Fowke, for instance. Furthermore, in their effort to sidestep the analogy between regions of Canada and underdeveloped countries, the Council can more easily avoid the problems of imperialism and the legacy of colonialism, especially the revealing issue of the position of aboriginal peoples.

In general, the narrow neoclassical view of the development approach, as with the other above approaches, is limited to measuring functional relationships between roughly defined but quantifiable variables. While such an approach may provide some useful material for their advisory or managerial capacity, it is at best a narrow empiricist description and not an adequate explanation of economic development.

The neoclassical approach, according to the Economic Council, does not offer a theory of regional development as such, but provides "several standard methods" of analyzing regional problems:

> It emphasizes the importance of flexibility in prices and wages, the mobility of labour and capital, and the capacity of market forces to solve regional problems when they are allowed to work unhindered. The immediate cause of regional problems is commonly diagnosed as market failure,

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[22] Ibid., p. 25.

> brought on sometimes by circumstances and sometimes by the actions of policy-makers. The advocated cure is to create a situation in which markets can work better or to leave well enough alone and let market forces bring about a solution.[23]

Of course, in its methodology as well as its solutions, the approach accepts the framework of the market mechanism as a given in a given "institutional environment". The main regional problems are viewed as problems of "adjustment" to market forces with the state as neutral arbiter. Within a narrowly defined "institutional environment" in the "short-run", the approach may offer some helpful descriptions of market phenomena. But with regard to the "long-run", especially the active and determing role of social relations in the origin, development, and demise of markets, the neoclassical approach is inadequate for explanation. Even the Economic Council observes that "while it is useful to know that properly functioning relative prices and free mobility of factors may be helpful in curing a regions's problems, it is more useful to know why some regions' problems persist so long, despite equilibrating forces."[24]

The Keynesian approach, while based on essentially neoclassical premises, has a stronger sense of "market failure" in the capitalist system. Following the major crises of mass unemployment in the 1920s and 1930s, the Keynesian approach recognized that capitalism did not tend towards "full employment equilibrium", or at least there were unacceptably long delays in adjusting to full employment. Hence, state intervention was viewed as necessary to achieve full employment and stable growth, in particular, through the "management" of aggregate demand. Concern with regional disparities, notably in employment, and the formation of government agencies such as the Department of Regional Economic Expansion (1969) have led to consideration of the spatial dispersion and regional impacts of demand management. However, questions such as "how large or isolated a region must be for aggregate demand measures to be effective"[25] are essentially matters of "management" and do not in themselves explain regional development. As mentioned with the neoclassical approach, the long-term persistence of regional problems, in this case, despite attempts at demand management, suggests that deficient (regional) aggregate demand and related Keynesian positions are not adequate as explanations--or as cures.

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[23] Ibid., p. 26.

[24] Ibid., p. 27.

The regional science approach, which the Economic Council considers as "easily the most comprehensive approach to regional problems"[26], was closely associated with a resurgence of interest in location theory, a product of neoclassical microeconomics, especially the theory of the firm, and geography. Nonetheless, the Council mentions a series of shortcomings in this approach as well.[27] Understandably, the Council decides that "No simple economic theory can explain regional disparities because no clear consensus exists among economists concerning the proper theoretical approach to this question."[28]

While the term "regional science" has existed for many decades[29], the present growing interest in regional science in North America (and Europe) has some interesting historical parallels. In particular, one can observe a noticeable growth in "scientific" theories of settlement and location in periods of crisis when the unevenness of capitalist development is exacerbated and "metropolis-hinterland" struggles are sharpened. In the 1820s, Robert Gourlay proposed a "science" of colonization.[30] Gourley's work had a considerable influence on Edward Gibbon Wakefield, who was one of the leading English "colonial reformers" (together with such figures as Lord Durham), and who wrote part of the post-1837 rebellion Durham Report.[31] In the late 1920s and 1930s, when the accumulated problems of frontier settlement were receiving greater attention, Bowman's notion of a "science of settlement" gained considerable following. Now, during the last decade, in the wake of another major expansion and crisis, there has been the resurgence of "regional science".

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[25] Ibid., p. 28.

[26] Ibid., p. 28.

[27] Ibid., p. 29.

[28] Ibid., p. 29.

[29] For a useful history of "theories of regional self-balance" see Stuart Holland, Capital Versus the Regions, London and Basingstoke: Macmillan Press, 1976, Chapter 1.

'Regional Economics'

The growth of "regional science" and, more generally, "regional economics" has been widely recognized as a response to the intractable problem of uneven development under capitalism or, as it is usually posed, "regional disparities" or "regional inequalities". T.N. Brewis has suggested that:

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[30] See Craufurd D.W. Goodwin, Canadian Economic Thought: The Political Economy of a Developing Nation, Durham, N.C.: Duke University Press, 1961, Chapter 1; Robert Gourlay, Statistical Account of Upper Canada, abridged and with an Introduction by S.R. Mealing, Toronto: McClelland and Stewart, 1974 (first edition, 1822).

[31] For some of Wakefield's writing on Canada see E.G. Wakefield, England and America: A Comparison of the Social and Political State of Both Nations, New York: Augustus M. Kelley, Publishers, 1967 (first printed, 1834). For Marx's comments on Wakefield's views see K. Marx, Capital, Vol. I, Chapter 33.

> Among the factors contributing to this expanded interest in regional problems has been a growing discontent with the magnitude of the differences in income and employment opportunity which exist not only between countries but also between various regions of the same country. In the less developed regions especially there is often a wide gap between the growth of a few industrialized urban centres and the stagnation of rural areas, and if not redressed the disparity that results can be a potent cause of political unrest. Though likely to be less extreme, regional differences in prosperity within advanced industrial contries are also a source of concern, and most countries have introduced policies to modify spatial economic patterns. Canada is no exception.[32]

In the Canadian context, this problem is underlined by the fact that such indicators of regional inequality as income have remained relatively constant over long periods of time. For instance, Brewis cites a study showing that in the period 1926 to 1964 there has been little change and that the relative ranking among regions remains roughly the same: "The relatively prosperous regions have remained prosperous, and the poor have remained poor."[33] Recent major changes in the terms of trade for some important resource commodities (such as oil) may have altered the picture to a degree, but the fundamental problem of uneven development remains.

The persistence of "regional problems" has also threatened the established theoretical orthodoxy. According to Stuart Holland:

> The combination of Keynesian and neo-classical theory has increasingly been challenged by the stubbornness of regional problems in the mature capitalist economies. It has become clear that the causes of regional inequality are deeper than the superficial analysis of frictions and imperfections in neo-

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[32] T.N. Brewis, Regional Economic Policies in Canada, with an appendix by T.K. Rymes, Toronto: Macmillan Company of Canada, 1969, p. 1.

[33] Ibid., p. 24. Brewis suggests that this evidence does not support Kuznets's view that "income inequality widens in the early and middle stages of development and then narrows as the economy approaches maturity". (p. 24.)

> classical self-balance models would have us believe. It is also plain that indirect state intervention in growth-pole centres does not reverse the cumulative imbalance in Myrdalian or Perrouxist models of regional growth.[34]

Holland also proffers an explanation of the staying power of the neo-classical theories of "regional self-balance":

> The hold of this theory was powerful partly because of its abstraction from social or regional inequality. In due course the divorce from reality became more complete. The neo-classical theory of location became increasingly unreal as imbalanced capitalist development left a trail of wrecked regions and problem areas which, according to the theory, should never have occurred. Yet, as with societies and cultures faced with a changing situation for which they could not account, neo-classical theory adapted by an extension of the premises which its own founders had not taken as more than a tool of analysis or a theoretical device. Schools of regional analysis arose where technique had tended to become an end in itself, and where the limits of technique had inhibited both theory and analysis.[35]

There have been several other discussions of the roots and scope of "regional economics" which illustrate its generally neoclassical origins as well as the development of some differentiation in approaches.[36] In a 1963 review article, Myers suggested that the theoretical roots were largely "'borrowings' of developments in general economics that occurred during the 1940s and can be listed under four headings: (1) a revitalization of location theory, particularly as contained in Losch's work . . .;

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[34] Stuart Holland, op. cit., p. v.

[35] Ibid., pp. 1-2.

[36] See, for example, some writings of Harry W. Richardson, Elements of Regional Economics, Harmondsworth, England: Penguin, 1969; Regional Economics: A Reader, London and Basingstoke: Macmillan, 1970, especially the Introduction, pp. 1-31; Regional Economics; Location Theory, Urban Structure and Regional Change, London: Weidenfeld and Nicolson, 1969, especially Chapter 1.

(2) international and interregional multiplier theory as illustrated by the work of Metzler, Goodwin, Chipman and others; (3) Leontief interindustry input-output analysis; and (4) mathematical programming."[37]

Within the growing corpus of work in regional economics, there is at least one trend which reflects some of the early metropolis-hinterland approach, that is, the theory of "growth poles", which Holland characterizes as another "theory of regional imbalance". In a 1955 article, "Note sur la notion de pole de croissance", Francois Perroux argued that analysis should "concentrate on the process by which various activities appear, grow in importance, and in some cases disappear."[38] He observed that the spatial distribution of economic activity does tend towards a long-term equilibrium, but that concentration occurs in some areas at the expense of others. Like a magnetic pole, these growth areas attract factors of production and trade to their areas, away from others--hence, the process of "polarization". Perroux advocated the solution to regional imbalance was for the state to establish counter-poles in less-developed regions, thus 'harnessing' the process of polarization through the operation of market forces to the advantage of the less-developed regions.[39]

Perroux gave a prominent role to entrepreneurial innovation as a dominant factor in explaining the dynamism of growth poles. "Agglomeration effects" such as in economics of scale, size of market, and reduction of transportation costs, were seen as the main economic advantages of growth centres. The "growth pole" was actually defined as "a set of expanding industries located in an urban area and inducing further development of economic activity throughout its zone of influence."[40] The main factor in expansion is "propulsive" industries which form the nucleus of the growth pole. These industries have specific characteristics such as a high degree of concentration, high income elasticity of demand for their products which generally are sold in national (or international) markets, marked multiplier effects (probably from drawing their inputs within the region), relatively advanced technological and managerial expertise which through force of example is diffused into other sectors of the region.[41]

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[37] John R. Myers, "Regional Economics: A Survey", pp. 29-30.

[38] Niles M. Hansen, "Preface", in N.M. Hansen (ed.), Growth Centers in Regional Economic Development, New York: Free Press, 1972, p. ix.

[39] Stuart Holland, op. cit., pp. 49-50.

Howard Gauthier has argued that the growth pole theory of Perroux was a view of the role of leading sectors rather than a theory of location as such:

> Perroux's notion that growth does not appear simultaneously everywhere, but in a limited number of poles which transmit impulses of growth to the rest of the economy, has no spatial connotations. His growth pole corresponds to a dynamic sector in the economy which is often equated to a propulsive industry that exerts dominance through its forward and backward linkages over other manufacturing sectors of the regional economy. The inter-relationships that exist between firms are considered exclusively in an abstract and functional space. This economic space is defined without reference to a geographic space. Thus, a development pole is not equivalent to an industrial zone, or some other geographically concentrated phenomenon. It offers no explanation for the location of a propulsive industry in geographic space, nor of the consequences of a pole's having a location in geographic space. It is not surprising that most of the French literature on growth poles is devoid of geographical

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[40] Harry W. Richardson, Elements of Regional Economics, p. 104.

[41] Ibid., p. 104.

> references. Most of the studies have attempted to examine interindustry linkages, to rank industries by their degree of independence, and to show that some sectors have a very high combined linkage impact and presumably exert a polarizing influence on the economy.[42]

The "growth poles" theory[43] bears a close resemblance to aspects of the metropolis-hinterland approach and the implications of a relationship of dominance and subordination, although imprecisely. There has been some discussion in this direction,[44] but, as will be elaborated later, such a notion as "polarization" is hardly a clear substitute for the full analysis of dominance and "exploitation". Similarly, one can note a resemblance with the staple theory, especially insofar as the "propulsive" industries are resource industries dependent on markets external to the region. However, similar criticisms as that noted above also apply. Furthermore, there is no adequate historical explanation as to the origin of "growth poles" or as to why certain centres initially become "growth poles", especially in pre-capitalist or non-market economies.[45]

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[42] Howard L. Gauthier, "Economic Growth and Growth Poles: A Search for Geographic Theory?", International Geographical Union, Proceedings of the Commission on Regional Aspects of Development, Vol. II, "Spatial Aspects of the Development Process", London, Ontario, 1972, pp. 21-22.

[43] In Canada, Gilles Paquet has used "growth poles" theory. See "Some Views on the Pattern of Canadian Economic Development" in T.N. Brewis (ed.), Growth in the Canadian Economy, Toronto: McClelland and Stewart, 1968, pp. 34-64.

[44] See, for instance, Richard L. Morrill, "Growth Center-Hinterland Relations", International Geographical Union, op. cit., Vol. II, pp. 215-242.

[45] For other criticisms of the "growth poles" approach see Stuart Holland, op. cit., pp. 50-54.

A Neglected Approach

The one major approach receiving some attention by Holland but by few other writers in "regional economics" (or by the Economic Council of Canada) is the Marxist approach.[46] In Marx's analysis of capitalist development, the spatial concentration of production in particular centres and regions followed from the concentration and centralization of means of production and not primarily from the location of raw materials and transport costs. The advance of production requires an ever increasing division of labour (specialization) in which the separation of town and country is the foundation,[47] and other specialized roles are played by particular urban areas and regions. The process of division of labour entered a new phase with the development of manufacture: "The territorial division of labour, which confines special branches of production to special districts of a country, acquires fresh impetus from the manufacturing system, which exploits every advantage."[48] But the Industrial Revolution and the emergence of "Modern Industry" (machinofacture as distinct from manufacture) gave an even greater impetus to capitalist expansion and the division of labour.

The growth of capitalism in industry opened up new markets on a world-wide scale, and created demands for wage-labour in the production of raw and processed products, in developing infrastructure, and in new fields of production. Thus, for a Marxist analysis, there is a "demand-pull" for wage-labour determined by the growth of capitalist industry, notably as formulated in Marx's "general law of capitalist accumulation."[49] However, the existence of a supply of wage-labour available to sell their labour-power has as its prerequisite the process of proletarianization, such as occurred during the English enclosure movement, especially before the Industrial Revolution. Given the unplanned character of capitalist production--"the anarchy of capitalist production"--there was not a necessary correlation between the expansion-crisis-collapse ("boom and bust") cycle of capitalist development and the inflow of wage-labour. Consequently, the general long-run tendency of capitalist production to substitute machines for labour (constant capital for variable capital), the continued ruination of small commodity producers as capital advances, and, to a lesser degree, the natural increase of population, create a "relative surplus population". The surplus working population constitutes an "industrial reserve army of labour" which plays a necessary part of the capitalist mode of production.

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[46] Ibid., especially Chapter 2, on "Theories of Regional Imbalance".

[47] K. Marx, Capital, Vol. I, p. 352. Marx wrote that "The foundation of every division of labour that is well developed, and brought about by the exchange of commodities, is the separation between town and country."

[48] Ibid., p. 353.

> The industrial reserve army, during the periods of stagnation and average prosperity, weighs down the active labour-army; during the periods of over-production and paroxysm, it holds its pretensions in check. Relative surplus-population is therefore the pivot upon which the law of supply and demand of labour works. It confines the field of action of this law within the limits absolutely convenient to the activity of exploitation and to the domination of capital.[50]

Holland notes that Marx appreciated the role of urban agglomeration which brought scale-economy benefits, including further advances in the division of labour. However, Marx also appreciated, unlike many later writers, that there were qualitative factors which had to be taken into account in considering (density of) agglomeration, particularily the development of communications:

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[49] See K. Marx, Capital, Vol.I, Chapter XXV.

[50] Ibid., p. 639. Marx's distinguishing of five categories in the relative surplus population is discussed in S. Holland, op. cit., pp. 41-43.

> Just as a certain number of simultaneously employed labourers are the material pre-requisites for the division of labour in manufacture, so are the number and density of the population, which here correspond to the agglomeration in one workshop, a necessary condition for the division of labour in society. Nevertheless, this density is more or less relative. A relatively thinly populated country, with well-developed means of communication, has a denser population than a more numerously populated country, with badly-developed means of communication; and in this sense the Northern States of the American Union, for instance, are more thickly populated than India.[51]

Also unlike later neoclassical writers, Marx opposed the view that there was a self-adjusting demand for labour in urban industry and supply of labour, largely from rural areas. As Holland notes, "Marx stressed (1) that rural labour outflow was accelerated involuntarily by a migration-push process, and (2) that urban inflow neither led to an assured long-term employment nor to a self-adjusting urban structure with equilibriated welfare effects for the immigrants."[52]

After the Deluge

In Canada during the 1960s and 1970s, there was a major growth of interest in regional questions, including both the eastern as well as western regions. Most of the general writing, especially in economics, where neoclassical approaches remained predominant, was generally conservative,[53] although there were clear signs that an increasing differentiation if not polarization of views was occurring.[54] Particular work on the western interior also proliferated. A substantial group of writings have emerged out of the Canadian Plains Research Center, formed in Regina during the early 1970s,[55] and the annual proceedings of the Western Canadian Studies Conference held at the University of Calgary since 1969.[56] Among economists, there has been a considerable range of positions with

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[51] Ibid., pp. 352-353.

[52] Stuart Holland, op. cit., p. 39.

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[53] See, for example, C.D. Blyth, "A Century of Economic Growth", in Dominion Bureau of Statistics, Canada One Hundred, 1867-1967, Ottawa: Dominion Bureau of Statistics, n.d., pp. 317-328; Albert Breton, Discriminatory Government Policies in Federal Countries, Montreal: Canadian Trade Committee, Private Planning Association of Canada, 1967; Albert Breton and Anthony Scott, The Economic Constitution of Federal States, Toronto and Buffalo: University of Toronto Press, 1978; T.N. Brewis (ed.), Growth and the Canadian Economy, Toronto: McClelland and Stewart, 1968; T.N. Brewis, Regional Economic Policies in Canada, Toronto: Macmillan Company of Canada, 1969; Economic Council of Canada, Towards Sustained and Balanced Economic Growth, Second Annual Review, December 1965, Ottawa: Queen's Printer, 1965, especially Chapter 5; Economic Council of Canada, Living Together: A Study of Regional Disparities, Ottawa: Supply and Services Canada, 1977; Edward H. English (ed.), Regional and Adjustment Aspects of Trade Liberalization, Private Planning Association of Canada, Toronto: University of Toronto Press, 1973; Alan G. Green, Regional Aspects of Canada's Economic Growth, Toronto and Buffalo: University of Toronto Press, 1971; D.D. Husband, "National versus Regional Growth: Some Issues", Canadian Public Administration, Vol. 14, No. 4, Winter 1971, pp. 538-555; Ralph R. Krueger (ed.), Regional and Resource Planning in Canada, Toronto and Montreal: Holt, Rinehart and Winston of Canada, 1970 (first edition,1963); Gilles Paquet, "Some Views on the Pattern of Canadian Economic Development", in T.N. Brewis, Growth and the Canadian Economy, pp. 34-64; Mason Wade (ed.), Regionalism in the Canadian Community, 1867-1967, Toronto: University of Toronto Press, 1969; W.D. Wood and R.S. Thoman (eds.), Areas of Economic Stress in Canada, Kingston; Queen's University Industrial Relations Centre, 1965.

[54] Compare the above with, for example, Ossenberg, Richard J. (ed.), Canadian Society: Pluralism, Change, and Conflict, Scarborough: Prentice-Hall of Canada, 1971; David Jay Bercuson (ed.), Canada and the Burden of Unity, Toronto: Macmillan of Canada, 1977; Gregory Kealey, Ian McKay, and Nolan Reilly, "Canada's 'Eastern Question': A Reader's Guide to Regional Underdevelopment", Canadian Dimension, Vol. 13, No. 2, 1978, pp. 39-40; Leo Panitch (ed.), The Canadian State: Political Economy and Political Power, Toronto and Buffalo: University of Toronto Press, 1977; Paul Phillips, Regional Disparities: Why Ontario has so much and the others can't catch up?, Toronto: James Lorimer and Company, 1978; Michael Walker (ed.), Canadian Confederation at the Crossroads: The Search for a Federal-Provincial Balance, Vancouver: Fraser Institute, 1978; Mel Watkins (ed.), Dene Nation: the colony within, Toronto and Buffalo: University of Toronto Press, 1977.

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[55] See, especially, Richard Allan (ed.), A Region of the Mind: Interpreting the Western Canadian Plains (1973); R. Allen (ed.), Man and Nature on the Prairies (1976); B.Y. Card, The Expanding Relation: Sociology in Prairie Universities (1973); Prairie Forum, The Journal of the Canadian Plains Research Center, especially Vol. 1, No. 1, April 1976.

[56] There have been seven volumes to date: D.P. Gagan (ed.), Prairie Perspectives: Papers of the Western Canadian Studies Conference, 1969, Toronto and Montreal: Holt, Rinehart and Winston, 1970; A.W. Rasporich and H.C. Klassen (eds.), Prairie Perspectives 2: Selected Papers of the Western Canadian Studies Conferences, 1970, 1971, Toronto and Montreal: Holt, Rinehart and Winston, 1973; S.M. Trofimenkoff (ed.), The Twenties in Western Canada: Papers of the Western Canadian Studies Conference, March 1972, Ottawa: History Division, National Museum of Man, 1972; D.J. Bercuson (ed.), Western Perspectives 1: Papers of the Western Canadian Studies Conference, 1973, Toronto and Montreal: Holt, Rinehart and Winston, 1974; A.W. Rasporich (ed.), Western Canada: Past and Present, Calgary: McClelland and Stewart West, 1975; H. Palmer (ed.), The Settlement of the West, Calgary: Comprint Publishing, 1977; H.C. Klassen (ed.), The Canadian West: Social Change and Economic Development, Calgary: Comprint Publishing, 1977.

Ken H. Norrie[57], Paul Phillips[58], and Jack C. Stabler[59] being among the more prominent of a growing number who have written on regional development in the western interior.[60] There has been an even larger growth of historical writing on Alberta and the western interior. In addition to the aforementioned Western Studies Conferences and Plains Study Centre, the Alberta Historical Review (1953-1975) which was superceded by *Alberta History* (1975 -) has much useful material, although with little explicit treatment of theory or general approaches.[61] The main resurgence of material by historians and political scientists has taken place since 1969[62], and included some writings of a more popular character.[63] One can observe a major growth of work in social history and, notably, a new interest in labour history and prairie radicalism.

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[57] K.H. Norrie, "Agricultural Implement Tarrifs, the National Policy, and Income Distribution in the Wheat Economy", *Canadian Journal of Economics*, Vol. 7, 1974, pp. 449-462; "The Rate of Settlement of the Canadian Prairies, 1870-1911", *Journal of Economic History*, Vol. 35, 1975, pp. 410-427; "Some Comments on Prairie Economic Alienation", *Canadian Public Policy*, Vol. 2, 1976, pp. 211-224; "The National Policy and Prairie Economic Discrimination, 1870-1930", in D.H. Akenson (ed.), *Canadian Papers in Rural History*, Gananoque, Ont.: Langdale Press, 1978, pp. 13-32; "Regional Economic Conflicts in Canada: Their Significance for an Industrial Strategy", in Science Council of Canada, *The Politics of an Industrial Strategy*, Ottawa: Minister of Supply and Services, 1979, pp. 55-88.

[58] Paul Phillips, "The National Policy and the Development of the Western Canadian Labour Movement", in A.W. Rasporich and H.C. Klassen (eds.), *Prairie Perspectives 2*, pp. 41-62; "National Policy, Continental Economics, and National Disintegration", in D.J. Bercuson (ed.), *Canada and the Burden of Unity*, pp. 19-43.

[59] Jack C. Stabler, *Prairie Regional Development and Prospects*, Supporting Study No. 1, prepared for the Royal Commission on Consumer Problems and Inflation, 1968(?); "Factors Affecting Development of a New Region: The Canadian Great Plains, 1870-1897", *The Annals of Regional Science*, Vol. VII, No. 1, June 1973, pp. 75-87; "The Future of Small Prairie Communities", *Contact: Journal of Urban and Environmental Affairs*, Vol. 9, No. 1, 1974, pp. 145-173. Stabler is now active mainly in the business of private economic consulting.

[60] W.J. Blackman, *The Cost of Confederation: An Analysis of Costs to Alberta*, Calgary: Independent Alberta Association, 1974; W.J. Blackman, "A Western Canadian Perspective on the Economics of Confederation", *Canadian Public Policy*, Vol. III, No. 4, Autumn 1977, pp. 414-430. Walter Gainer, "Western Disenchantment and the Canadian Federation", in H. Edwin English (ed.), *Canada-United States Relations*, New York: Praeger Publishers, 1976, pp. 40-52; E.J. Hanson, "The Economic Prospects of Western Canada", Royal Society of Canada, *Transactions*, Vol. VI, Series IV, June 1968, Section II, pp. 245-259; E.J. Hanson, "The future of western Canada: economic, social and political", *Canadian Public Administration*, Vol. 18, No. 1, Spring 1975, pp. 104-120;
Russell Pendergast, "The National Policy and the West", in J. Barr and O. Anderson (eds.), *The Unfinished Revolt: Some Views on Western Independence*, Toronto: McClelland and Stewart, 1971, pp. 93-104; J.D. Wahn, "Select Transportation Problems and Industrial Development in Western Canada", Centre for Transportation Studies, University of Manitoba, *Proceedings of the Seminar Series on Transportation*, 1973-1974, Vol. 7, pp. 25-61.

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[61] Some related journals and sources are listed in Alan F. Artibise, *Western Canada Since 1870: A Select Bibliography and Guide*, Vancouver: University of British Columbia Press, 1978, pp. 253-254.

[62] Among the many writings are: Alan F. Artibise, *Western Canada Since 1870: A Select Bibliography and Guide*; David J. Bercuson, "Labour Radicalism and the Western Industrial Frontier, 1897-1919", *Canadian Historical Review*, Vol. 58, 1977, pp. 181-196; D.J. Bercuson, *Fools and Wise Men: The Rise and Fall of the One Big Union*, Toronto: McGraw-Hill Ryerson, 1978; Carl Berger and Ramsay Cook (eds.), *The West and the Nation: Essays in Honour of W.L. Morton*, Toronto: McClelland and Stewart, 1976; D.H. Breen, "The Canadian West and the Harmonious Settlement Interpretation", *Agricultural History*, Vol. 47, 1973, pp. 63-75; D.H. Breen, "The Turner Thesis and the Canadian West: A Closer Look at the Ranching Frontier", in L.H. Thomas (ed.), *Essays on Western History*, Edmonton: University of Alberta Press, 1976, pp. 147-158; Gerald Friesen, "The Western Canadian Identity", Canadian Historical Association, *Historical Papers*, 1973, pp. 3-20; Michael Horn, *The Dirty Thirties: Canadians in the Great Depression*, Toronto: Copp Clark Publishing Company, 1972; F. Jankunis (ed.), *Southern Alberta: A Regional Perspective*, Lethbridge: University of Lethbridge, 1972; Wallace C. Koehler, Jr., "The Impact of Canadian Energy Policy on Changing Federal Provincial Relations: Competition and Conflict between Alberta and Ottawa", *The American Review of Canadian Studies*, Vol. VII, No. 1, Spring 1977, pp. 1-32; A.R. McCormick and Ian MacPherson (eds.), *Cities in the West: Papers of the Western Canada Urban History Conference*, Ottawa: National Museum of Man, History Division, 1975; A.R. McCormack, *Reformers, Rebels, and Revolutionaries: The Western Canadian Radical Movement, 1899-1919*, Toronto and Buffalo: University of Toronto Press, 1977; A.W. Rasporich and H.C. Klassen (eds.), *Frontier Calgary: Town, City and Regiona, 1875-1914*, Calgary: McClelland and Stewart West, 1975; T.D. Regehr, *The Canadian Northern Railway: Pioneer Road of the Northern Prairies, 1895-1918*, Toronto: Macmillan of Canada, 1976; T.D. Regehr, "The Canadian Northern Railway: The West's Own Product", *Canadian Historical Review*, Vol. LI, No. 2, June 1970, pp. 177-186; Richard Simeon and David J. Elleins, "Regional Political Cultures in Canada", *Canadian Journal of Political Science*, Vol. VII, No. 3, September 1974, pp. 397-437; David E. Smith, "A Comparison of Prairie Political Development in Saskatchewan and Alberta", *Journal of Canadian Studies*,

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Vol. IV, No. 1, February 1969, pp. 17-25; Donald Swainson (ed.), Historical Essays on the Prairie Provinces, Toronto: McClelland and Stewart, 1970; Lewis G. Thomas, "Associations and Communications", Presidential Address, Canadian Historical Association, Historical Papers, 1973, pp. 1-13; L.G. Thomas (general ed.), The Prairie West to 1905: A Canadian Sourcebook, Toronto: Oxford University Press, 1975; Lewis H. Thomas, The North-West Territories, 1870-1905, Toronto: Oxford University Press, 1975; Lewis G. Thomas, The North-West Territories, 1870-1905, Historical Booklet No. 26, Ottawa: Canadian Historical Association, 1970; L.G. Thomas (ed.), Essays on Western History in Honour of Lewis Gwynne Thomas, Edmonton: University of Alberta Press, 1976; John Herd Thompson, The Harvests of War: The Prairie West, 1914-1918, Toronto: McClelland and Stewart, 1978; Paul Voisey, "The Urbanization of the Canadian Prairies, 1871-1916", Social History, Vol. 8, 1975, pp. 77-101.

[63] See, for example, John Barr and Owen Anderson (eds.), The Unfinished Revolt: Some Views on Western Independence, Toronto, McClelland and Stewart, 1971; Pierre Berton, The National Dream: The Great Railway, 1871-1881, Toronto: McClelland and Stewart, 1970, and The Last Spike: The Great Railway, 1881-1885, 1971; Pierre Berton, Klondike: The Last Great Gold Rush, 1896-1899, Toronto: McClelland and Stewart; Tony Cashman, Singing Wires: The Telephone in Alberta, Edmonton: Alberta Government Telephones, 1972; Hugh Dempsey (ed.), Men in Scarlet, Calgary: Historical Society of Alberta and McClelland and Stewart West, 1974; H. Dempsey, Indian Tribes of Alberta, Calgary: Glenbow Alberta Institute, 1978; David K. Elton (ed.), One Prairie Province?, Proceedings of a National Conference to Study the Feasibility of One Prairie Province, May 1970, Lethbridge: University of Lethbridge and the Lethbridge Herald, 1970; Earle Gray, The Great Canadian Oil Patch, Toronto: Macmillan-Hunter, 1970; James H. Gray, Booze: The Impact of Whisky on the Prairie West, Toronto: Macmillan of Canada, 1972; J.H. Gray, The Winter Years: The Depression on the Prairies, Toronto: Macmillan of Canada, 1976 (first edition, 1966); Grant McEwan, The Battle for the Bay: The Story of the Hudson Bay Railroad, Saskatoon: Western Producer Prairie Books, 1975; James G. MacGregor, A History of Alberta, Edmonton: Hurtig Publishers, 1972.

Several geographers[64], particularly John Warkentin[65], and sociologists[66], particularly B.Y. Card[67], have also focused attention on prairie and Alberta development.

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[64] R. Lewis Gentilcore (ed.), Canada's Changing Geography: A Selection of Readings, Scarborough: Prentice-Hall of Canada, 1967; R.G. Ironside, V.B. Proudfoot, E.N. Shannon and C.J. Tracie (eds.), Frontier Settlement, Edmonton: Department of Geography, University of Alberta, 1974; Karl Lenz, "Large Urban Places in the Prairie Provinces: Their Development and Location", in R.L. Gentilcore (ed.), Canada's Changing Geography, pp. 199-211; Michael D. Ray, Dimensions of Canadian Regionalism, Geographical Paper No. 99, Ottawa: Department of Energy, Mines and Resources, 1969; P.J. Smith (ed.), The Prairie Provinces, Toronto and Buffalo: University of Toronto Press, 1972.

[65] John Warkentin (ed.), The Western Interior of Canada: A Record of Geographical Discovery, 1612-1917, Toronto: McClelland and Stewart, 1964; John Warkentin (ed.), Canada: A Geographical Interpretation, Toronto: Methuen Publications, 1968.

[66] R.G. McIntosh and J.E. Housego (eds.), Urbanization and Urban Life in Alberta, Edmonton: Alberta Human Resources Council, 1970; E.L. Snider and G. Kupfer, Urbanization in Alberta: A Sociological Perspective, Population Reprints No. 9, Edmonton: University of Alberta, 1974; Carle C. Zimmerman and G.W. Moneo, The Prairie Community System, Agricultural Economics Research Council of Canada, 1971.

[67] Brigham Young Card, The Canadian Prairie Provinces from 1870 to 1950: A Sociological Introduction, Toronto: Dent, 1960; B.Y. Card (ed.), Perspectives on Regions and Regionalism and Other Papers, Proceedings of the Tenth Annual Meeting of the Western Canadian Association of Sociology and Anthropology, Banff, 1968; B.Y. Card (ed.), The Expanding Relation: Sociology in Prairie Universities, Canadian Plains Studies, Occasional Paper No. 1, Regina: Canadian Plains Studies Center, 1973.

In the 1970s, a significant "left-leaning" trend also emerged in academic material on regional development and history. This was partly reflected in some "mainstream" writing which employed traditional approaches and techniques but tended towards raising deeper economic and social questions and towards positions increasingly at variance with the dominant trend of capitalist development in Canada. However, there also emerged a group of writing with more directly critical positions which utilized more or less explicit class analysis. While questions of class and the determining character of socio-economic power in economic development have often been given a peripheral role in "mainstream" writing, the appearance of a more realistic and left-leaning group of writings is distinguished by the shifting of class analysis from a peripheral towards a central position in debates on Prairie development.

To date one can distinguish several aspects in the latter trend. The so-called "new political economy" shows the growing influence of Marxist analysis, although by no means is most of the material Marxist in a precise sense. Several articles with a theoretical orientation have been written on the role of the state, especially the federal character of the Canadian state, and attempt to treat the class character of the state and uneven regional development.[68] Another group has focused more directly on the western interior, particularly Alberta, raising important questions about the particular and changing class structure of Alberta and the prairies.[69] A major contribution has been made to the discussion of colonialism and imperialism in Canada through the study of the Native Peoples and their position in the process of development.[70] The realities of class and class struggle are also ever apparent in a growing number of historical writings on labour and on the "national question" in Alberta and prairie development.[71]

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[68] Wallace Clement, "A Political Economy of Regionalism in Canada", in D. Glenday, H. Guindon and A. Turowetz (eds.), Modernization and the Canadian State, Toronto: Macmillan of Canada, 1978, pp. 89-110; Carl J. Cuneo, "A Class Perspective on Regionalism", in D. Glenday et al (eds.), Modernization and the Canadian State, pp. 132-156; Leo Panitch, "The Role and Nature of the Canadian State", in L. Panitch (ed.), op. cit., pp. 3-27; Garth Stevenson, "Federalism and the Political Economy of the Canadian State", in L. Panitch (ed.), op. cit., pp. 71-100.

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[69] Larry Pratt, Robert Davis, Mark Zannis and Irwin Block, "Thinking the Unthinkable About the Tar Sands", in R. Chodos and R. Murphy (eds.), Let Us Prey, Toronto: James Lorimer and Company, 1974, pp. 108-120; Larry Pratt, The Tar Sands: Syncrude and the Politics of Oil, Edmonton: Hurtig Publishers, 1976; Larry Pratt, "The State and Province Building", in L. Panitch (ed.), The Canadian State, pp. 133-162; Larry Pratt and John Richards, "Oil and Social Class in Alberta: The Bourgeoisie Take Power", Canadian Forum, October-November 1978, pp. 6-11; Larry Pratt and John Richards, Prairie Capitalism, Toronto: McClelland and Stewart, 1979; Edward H. Shaffer, "The Employment Impact of Oil and Natural Gas in Alberta, 1961-1970", paper presented to the Pacific Northwest Regional Economic Association, Victoria, May 7, 1976; E.H. Shaffer, "Class and Oil in Alberta", in Oil and Class Struggle, London ZED Press, 1979; John O. Thompson, "Re-Appropriating the Culture of the West", in J. Barr and O. Anderson (eds.), The Unfinished Revolt: Some Views on Western Independence, Toronto: McClelland and Stewart, 1971, pp. 77-92.

[70] Ronald Cohen, "Modernism and the Hinterland: The Canadian Example", in D. Glenday et al (eds.), Modernization and the Canadian State, pp. 157-185; Donald Colburne and Norman Zlotkin, "Internal Canadian Imperialism and the Native Peoples", in Craig Heron (ed.), Imperialism, Nationalism, and Canada, Toronto: New Hogtown Press, 1977, pp. 108-141; Arthur K. Davis, "Urban Indians in Western Canada; Implications for Social Theory and Social Policy", Royal Society of Canada, Transactions, Vol. VI, Series IV, June 1968, Section II, pp. 217-228; Douglas E. Sanders, "Native People in Areas on Internal National Expansion", Saskatchewan Law Review, Vol. 38, 1973-74, pp. 63-87; D.E. Sanders, "Indian Hunting and Fishing Rights", Saskatchewan Law Review, Vol. 38, 1973-74, pp. 45-62; Mel Watkins (ed.), Dene Nation: the colony within.

Among the group of writings increasingly critical of capitalist development in the prairie region, one can see the presence of an approach sometimes characterized as "dependency theory".[72] This approach is, in most respects, a continuation of earlier metropolis-hinterland approaches and, like them, is capable of a considerable range of malleability and emphases within roughly the same approach. Significantly, one can notice a sharper anti-capitalist character in recent versions of the approach, including more explicit class analysis. Nonetheless, while once predominant in the left-leaning literature of the 1970s on Canadian development,[73] "dependency theory" and its applications has itself come under sharper attack, particularly from writers influenced by Marxist theory.[74] Generally, within the welter of discussion and debate currently emerging on Canadian and regional development the growing influence of Marxism is apparent, although this must be qualified by noting not only its frequent isolation from organized political activity but also its frequent isolation from "mainstream" academic trends.

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[71] Anthony Bilecki, William Repka and Mitch Sago (eds.), Friends in Need: The WBA Story, An Epic in Canadian Fraternalism, Winnipeg: Workers Benevolent Association of Canada, 1972; Warren Caragata, History of Labour in Alberta, Toronto: James Lorimer and Company, 1979; Myrna Kostash, All of Baba's Children, Edmonton: Hurtig Publishers, 1977; Ronald Liversedge, Recollections of the On to Ottawa Trek, edited by V. Hoar, Toronto: McClelland and Stewart, 1973; Tom MacEwen, The Forge Glows Red: From Blacksmith to Revolutionary, Toronto: Progress Books, 1974; A.M. Mardiros, William Irvine: The Life of a Prairie Radical, Toronto: James Lorimer and Company, 1979; Martin Robin, Radical Politics and Canadian Labour, 1890-1930, Kingston: Queen's University Industrial Relations Centre, 1968; Helen Potrebenko, No Streets of Gold: A Social History of Ukrainians in Alberta, Vancouver: New Star Books, 1977; Allan Seager, "The Pass Strike of 1932", Alberta History, Vol. 25, Winter 1977, pp. 1-11; John Herd Thompson and Allan Seager, "Workers, Growers and Monopolists: The 'Labour Problem' in the Alberta Sugar Beet Industry During the 1930s", Labour, Vol. 3, 1978, pp. 153-174; Anne B. Woywitka, "Strike at Waterways", Alberta Historical Review, Autumn 1972, pp. 1-5; A.B. Woywitka, "Drumheller Strike in 1919", Alberta Historical Review, Vol. 21, Winter 1973, pp. 1-7; A.B. Woywitka, "Recollections of a Union Man", Alberta History, Vol. 23, August 1975, pp. 6-20.

[72] Kenneth Campbell, "Regional Disparity and Interregional Exchange Imbalance", in D. Glenday et al (eds.), Modernization and the Canadian State, pp. 111-131; Harold Chorney, "Regional Underdevelopment and Cultural Decay", in Craig Heron (ed.), Imperialism, Nationalism and Canada, Toronto: New Hogtown Press, 1977, pp. 108-141; A.K. Davis, "Canadian Society and History as Hinterland Versus Metropolis", in R.J. Ossenberg (ed.), Canadian Society: Pluralism, Change and Conflict, Scarborough: Prentice-Hall of Canada, 1971, pp. 6-32; Paul Phillips, "The National Policy and the Development of the Western Canadian Labour Movement", in A.W. Rasporich and H.C. Klassen (eds.), Prairie Perspectives 2, pp. 41-62; P. Phillips, "National Policy, Continental Economics and National Disintegration", in D.J. Bercuson (ed.), Canada and the Burden of Unity, pp. 19-43; P. Phillips, Regional Disparities: Why Ontario has so much and the others can't catch up, Toronto: James Lorimer and Company Publishers, 1978.

The Theme of Exploitation

Throughout most of the years in which writing has appeared on development in the western interior of Canada, at least part of that writing has contained some concept, more or less explicit, of exploitation. Several major writers such as H.A. Innis, V.C. Fowke, and W.L. Morton have actually used the term "exploitation". .A.R.M. Lower raised the concept of an "area of exploitation". Several less academically 'respectable' writers such as Gustavus Myers, and numerous farmer and labour organizations and political parties have emphasized this feature of capitalist development. These and other writers have also used related terms and notions to express similar meanings, several of which have been referred to in these first three chapters.

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[73] See, for example, Development Education Centre, Underdevelopment in Canada, Toronto: 1975, two file volumes, especially "Underdevelopment in Canada: Notes Towards an Analytical Framework", pamphlet, 1974; Robert M. Laxer (ed.), (Canada) Ltd.: The Political Economy of Dependency, Toronto: McClelland and Stewart, 1973.

[74] See, for example, Geoffrey Kay, Development and Underdevelopment: A Marxist Analysis, London and Basingstoke: Macmillan Press, 1975; Ernesto Laclau, "Feudalism and Capitalism in Latin America", New Left Review, No. 67, May-June 1971, pp. 19-30; Henry Veltmeyer, "Dependency and Underdevelopment: Some Questions and Problems", Canadian Journal of Political and Social Theory, Vol. 2, No. 2, Spring-Summer 1978, pp. 55-71; Harriet Friedmann and Jack Wayne, "Dependency theory: a critique", Canadian Journal of Sociology, Vol. 2, No. 4, 1977, pp. 399-416.

On the other hand, there have been several writers, perhaps a majority, who have tended, if not consciously tried, to avoid or obscure any such notion of exploitation. This is especially true among economists who adhere more conservatively to the neoclassical framework, such as W.A. Mackintosh; however, by no means all economists who generally accept the tradition of economic liberalism have taken this narrow approach, witness H.A. Innis. Historians from the conservative tradition, such as D.G. Creighton, have also avoided the concept, particularly with respect to British or Anglo-Canadian imperialism but appear less reticent to do so when dealing with the rise of U.S. imperialism.

The conclusion of this thesis is that the question of exploitation is not a "side issue" but a fundamental and unavoidable issue facing approaches to Prairie and Alberta development. As I have tried to show, the theme of 'exploitation' or one of its variations has had a long-standing and significant place even in many established academic writings. Moreover, since the later 1960s the theme appears to be returning ever more strongly although not in every case with much greater clarity. Of course, it can be said, has been said,[73] and no doubt will continue to be said, that the fact that the theme of exploitation and its related concepts have existed does not imply that exploitation has existed. Certainly, while apprehension of exploitation, which is probably as old as the existence of class society itself, is not necessarily the comprehension of exploitation, such experience is a substantial evidence that deserves neither to be ignored nor casually brushed aside. Furthermore, the theoretical treatment of this question, of which certain aspects will be discussed in the next chapter, has a long if turbulent past in the history of economic thought itself, a history which the neoclassical economics of contemporary capitalism does not generally seem inclined to appreciate, despite the fact that some of its own roots lie there.

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[73] Paul A. Samuelson, for example, tried to make the facile point in his Economics, p. 497.

Chapter Four

Approaches to Exploitation

Yes, as through this world I ramble,
    I see lots of funny men,
Some will rob you with a six gun, and
    some with a fountain pen.
But as through your life you'll travel,
    wherever you may roam,
You won't never see an Outlaw drive
    a family from their home.
Woody Guthrie (1930s)

Throughout much of the foregoing academic writing on the development of capitalism in Alberta and the western interior, the problem of "exploitation" has been an underlying if not explicit issue. In its most typical form, there appeared a concern with describing a metropolis-hinterland structure which implies some form of "dominance-subordination", "dependency", or simply "unequal" relationship. Such a relationship, in turn, creates or recreates the basis for "exploitation". Several writers have actually used the term "exploitation",[1] or have relied on related notions of "unfair", "unjust", or "unequal" exchange, "transfer of surplus" (or profits), "predatory behavior", and so on, to describe this economic process. But despite the use of such terms, there is very little discussion of their meaning or theoretical significance, either in qualitative or quantitative terms. The purpose of this chapter is to clarify certain approaches to the problem of exploitation in the context of prairie regional development.

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[1] According to the Oxford English Dictionary, the word "exploitation" comes from the Old French "explait, exploit m, exploite fem." and, earlier, the Latin, "explicatum, explicata, neut, and fem. pples. of explicare"; thus, the etymological sense of "exploit" as noun and verb is "something unfolded, brought out, or put forth, the action of unfolding or developing". While it might be argued that "to exploit" could apply to taking advantage of any opportunity or turning to account any activity, the word "exploitation" (and some usages of "exploit") has gained more specific senses and deeper meaning, especially with the historical development of political economy. This thesis is concerned with the application of "exploitation" to economic processes, but it is not intended to deny that other, older, or broader, applications also exist.

Every economic theory of exploitation is based on some notion or theory of value, however rudimentary. In neoclassical economic theory, value is equivalent to price, hence the measure of value of a commodity is the market-determined price. Markets, real or simulated, are necessary--indeed, the only means--of objectively determining value. It is important to emphasize that neoclassical theory has no standard of value outside the market-place for this implies that whether a market operates under competitive or monopoly conditions, there is no objective measure of an exchange which is "unfair", "unjust", or "exploitive". All market exchanges are assumed to be 'voluntary' or 'free', if not 'equal', contracts between buyers and sellers. Economic necessity plays no serious or determining role, including in the treatment of elasticities of demand and supply.

Most sophisticated neoclassical theorists do not argue that the "market system" necessarily exists for determining fair prices but rather for determining 'efficient' prices, and that in some larger sense the system as a whole is desirable even though particular exchanges may not be so. Also, while they recognize some market-determined prices may not appear fair or just, this judgement is generally a subjective matter.[2] Typically, they may argue that whether one considers a price to be unfair or not depends on "whose ox is being gored", or that the decision is simply a "value judgement", whether moral, legal, or political. This position is often supported by a philosophical approach which tries to make sharp dichotomies between "positive-normative" or "fact-value" statements. Hence, market-determined prices are the former, while claims about unfair prices or exploitation tend to be the latter because such claims are 'really' about what should be and not about what is.

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[2] See, for example, Richard G. Lipsey, G.R. Sparks, and P.O. Steiner, Economics, Third edition, New York: Harper and Row, Publishers, 1979, pp. 394-395.

There are certain limited ways in which neoclassical theory admits of the possibility of exploitation, though two strong qualifications need to be entered right at the outset. Firstly, the neoclassical notions of exploitation presented here are not necessarily accepted by most neoclassical theorists and might well be considered an 'extreme' interpretation by conservative neoclassicists. However, in order to gain a clearer understanding of the 'logic' of the neoclassical approach and to focus more sharply on its ~~showt~~shortcomings, an attempt has been made to push this aspect of the neoclassical approach 'to its limit'. Secondly, the words "possibility of exploitation" have been used advisedly since neoclassical approaches may recognize the existence of exploitation but it is seen as accidental, if not incidental, and certainly not essential to the capitalist 'market system'. No neoclassical approach yet devised argues either that capitalism necessitates exploitation or that capitalism by its nature depends upon exploitation.

At a general level within the neoclassical approach, it could be argued that wherever there is imperfect competition with barriers to entry there is exploitation. Only under perfect competition is exploitation impossible, since in perfect competition price must equal marginal cost in the short-run and both marginal cost and average cost in the long-run. The existence of economic rent implies that buyers (consumers) pay more for a commodity than its cost of production (which includes the cost of a 'normal' rate of return or profit). In this sense, if a consumer pays a price higher than the commodity's average cost of production there is exploitation.

Such a notion of exploitation tends to equate exploitation with economic rent, in other words, where economic rent exists exploitation exists. Further, it applies generally to all markets: although the notion is stated with reference to the product markets it has its counterpart in the factor markets, as we shall see in a moment. However, some neoclassical theorists would react against equating economic rent with exploitation or an unearned increment since the implications, at least within the neoclassical approach, are quite sweeping. In effect, if maintained consistently such an approach would mean that every existing situation of imperfect competition with barriers to entry is exploitive, a not inconsequential conclusion in an era of monopoly capitalism.

The most widely-recognized and revealing area in which neoclassical theory admits the possibility of exploitation is in the so-called "factor markets" (as distinct from "product markets"). Labour and capital are both considered productive factors on an "equal" footing.[3] In principle, 'exploitation' can occur in three possible circumstances, although rarely if ever are practical means or results of calculations ever given. Firstly, 'exploitation' can occur when there is monopsony in the factor markets. Secondly, it can occur when there is monopoly in the product markets. Thirdly, it can occur in perfect competition with respect to intra-marginal units of labour and capital. In general, 'exploitation' occurs if either labour or capital are paid less than the value of their marginal physical products (VMPP).[4]

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[3] For a criticism of this concept of equality see K. Marx, "Critique of the Gotha Programme", in K. Marx and F. Engels, Selected Works, London: Lawrence and Wishart, 1968, p. 342.

In the case of monopsony in the factor markets, the firm uses its monopoly buying power to hire labour below the equilibrium or "competitive" wage. Samuelson recognizes that in isolated places where mobility is limited, collective bargaining can remove exploitation by the "monopolist of labor (the 'monopsonist')". Here the circumstances are described by Samuelson:

> Suppose there is a company town: unless you work for the dominant firm, you are unemployed; your alternatives are few or non-existent, and you must take what the employer offers. In this case the employer does not think of himself as too small to affect appreciably the wages he pays; he does not hire factors up to the point where their marginal revenue products . . . are equal to the wages he pays. Instead, the employer realizes that hiring an extra worker will raise the wage he must pay to all, and hence he had better not hire that worker unless his marginal-product much exceeds the wage.[5]

Of course, the flip side of the Samuelson-type argument is that in non-monopsonistic industries unions are unnecessary and that wage increases in such situations tend to bring reduced employment and might cause 'exploitation' of the firm (by labour). The neoclassical and Marxist approaches contrast starkly on this point. While the neoclassical approach finds it difficult if not impossible to see exploitation under conditions of perfect competition, the Marxist approach argues that exploitation of labour exists under 'perfect competition'. Indeed, the very existence of capital, whether in perfect competition, absolute monopoly, or some intermediary market condition, implies the exploitation of wage-labour.

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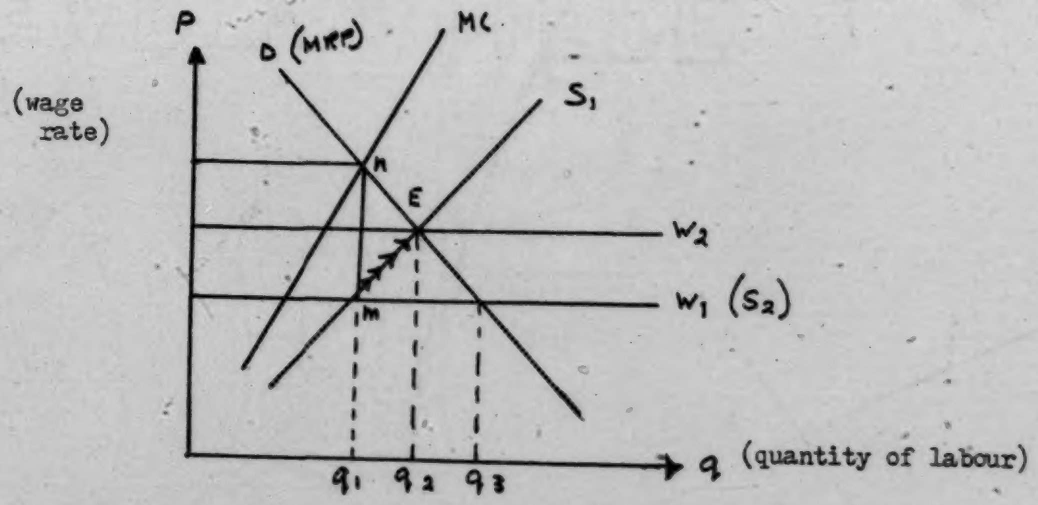
[4] "The value of the marginal physical product (VMPP) of a factor of production is the amount for which the marginal product (MP) or that factor sells in the market. VMPP = PxMP. Under pure competition, VMPP = MRP because P = MR". (See Peter C. Dooley, Elementary Price Theory, Second Edition, Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1973, p. 167.) The marginal revenue product (MRP) is equal to the marginal physical product (MPP) multiplied by the marginal revenue (MR): MRP = MPP x MR. Equilibrium exists where the rewards to factors are equal to their MRP, in the case of labour, where w(wages) - MRP_L, and, in the case of capital, where p(profits) = MRP_K. 'Exploitation' occurs where factors are paid below the value of their marginal physical product (VMPP), which in competition is the marginal revenue product (MRP). Thus, labour is 'exploited' if w $VMPP_L$ or w $MRPL_L$ and capital is 'exploited' if p $VMPP_K$ or p MRP_K. (See ibid., p. 156.)

[5] Paul A. Samuelson and Anthony Scott, Economics, p. 537.

As indicated in the following diagram, this form of neoclassical exploitation is a case in which "organizing a union can result in higher wages and without any decline in employment":[6]



Under conditions of imperfect competition the monopsonistic firm faces an upward sloping supply curve (s) for the factor (labour). The marginal cost curve (MC) will thus rise above the supply curve. Assuming that the firm is not also a monopolist in the product markets, the firm will profit maximize where MC = MRP, that is by hiring q_1 units of the factor. Since the wage level (w_1) at this point (m) is below the marginal revenue product (n) there is exploitation of the factor. (In this case the factor is labour but, in principle, the factor could also be capital.) Perfect competition would eliminate this exploitation, again, assuming perfect competition in the product markets. Under perfect competition, the firm would face a perfectly elastic supply curve (s_2) for labour, and would profit maximize by hiring q_3 units of the factor. Curiously, this implies, as will be mentioned later, that though the wage (or price of the factor) remains the same, 'exploitation' has disappeared.

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[6] Ibid., pp. 537, 538.

Now consider the diagram taking into account the role of a labour union from the neoclassical perspective. The monopsonist hires q, quantity of labour at the sub-equilibrium wage w_1. Through collective bargaining a union is able to raise wages to the equilibrium level (w_2), where, in principle, the monopolist expands hiring to q_2. The path followed by the monopolist is along the s-curve (supply of labour curve) from m to E, as indicated by the small arrows. The monopolist does not travel along the D-curve (marginal-revenue-product curve) unless wages rise above their equilibrium level (w_2), in which case the monopolist moves along the D-curve and decreased employment follows. In this notion of neoclassical exploitation, exploitation occurs to every unit of labour as hired until the equilibrium E is reached. As noted, a directly parallel argument can be made applying to monopsony in the 'hiring' of capital. Presumably, the firm would bargain collectively with a "capital union".

The second neoclassical notion of exploitation arises from situations of monopoly in the product markets. With such exploitation, often identified with the Cambridge economist, Joan Robinson,[7] it is observed that the firm with monopoly power is able to raise the price of a commodity above its marginal cost and thus labour (or capital) is paid a wage less than its marginal revenue product. As indicated by the second diagram, typical in introductory economics courses, the monopolist produces quantity q_m at price p_m, while under competition, where firms are "price-takers" and produce to the point where marginal cost equals price (their marginal revenue), quantity q_c at price p_c would be produced. (This assumes the same marginal cost curve under both competition and monopoly.) The rectangle ABCD represents 'monopoly profits' (or profits above 'normal' profits). Presuming a situation where the firm is not also a monopolist in the factor markets, the monopolist will hire labour until it reaches the profit-maximizing point where marginal cost equals marginal revenue. In other words, this will be where the marginal revenue product has fallen (as ever, on the assumption of "diminishing marginal returns") to the level of the given market wage. However, since the wage paid is the same as that which would obtain for a competitive firm, while the price of the marginal physical product is higher than that obtaining under competition, there is 'exploitation' of labour. That is, the wage is less than the

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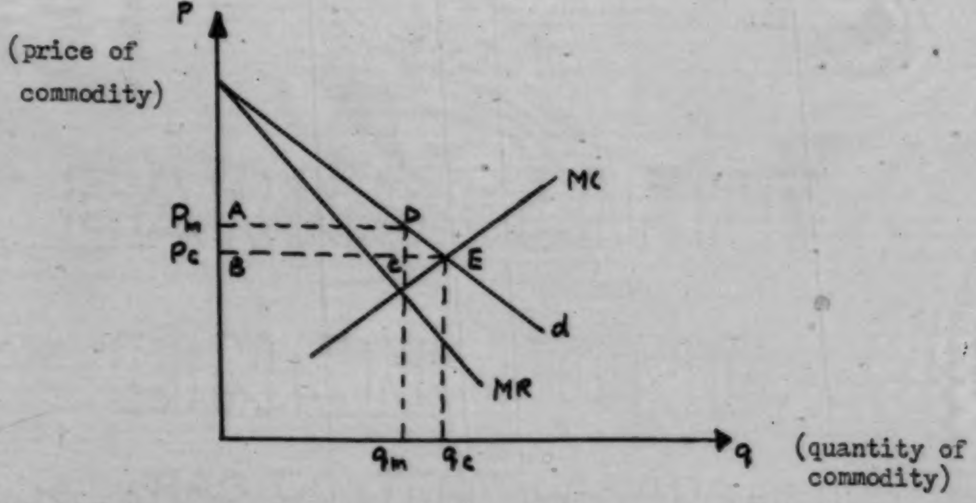
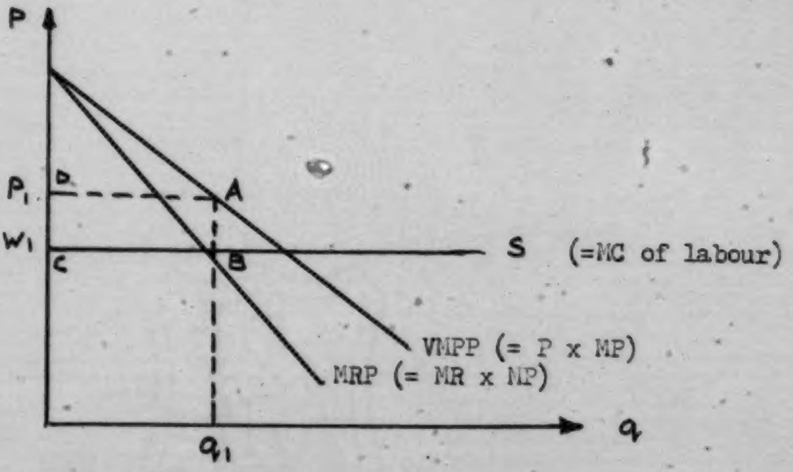
[7] From her book, The Economics of Imperfect Competition, London: Macmillan, 1954 (first edition, 1933).



value of the marginal physical product of labour (although it is equal to the marginal revenue product of labour). In the third diagram, 'exploitation' is indicated by the rectangle ABCD.[8]



Samuelson summarizes this notion of exploitation by commenting that: "Monopolistic deviation from P = MC, means 'exploitation' of labour (and other transferable resources), in the sense that society's labour is misapplied as between goods and leisure or as between too-scarce monopolized goods in relation to too-plentiful competitive goods."[9] Further, he notes that "Often monopolies can afford to pay workers even more than competitive industries can, sharing so to speak a mite of the monopoly swag with the workers."[10] But he then states, in contrast to the situation of monopoly in the factor markets that

> . . . raising wages in monopoly industries by trade-union action is not the way to get rid of this kind

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[8] P.C. Dooley, op. cit., p. 160.

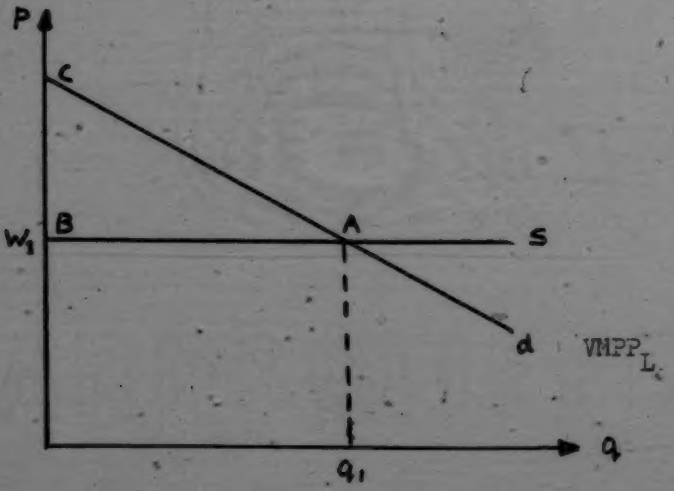
[9] Paul A. Samuelson and A. Scott, Economics, p. 460.

[10] Ibid., p. 460.

> of exploitation. It is all society that is being exploited, and it is a task for combines policy to reform the situation.[11]

Of course, as will be mentioned, one is left asking if all society is being exploited, who is doing the exploiting?

The third notion of exploitation can occur under perfect competition. Here again, labour (capital) is 'exploited' where its "revenue", "wages" (or profits), is less than the value of its marginal physical product. Thus, the area ABC in the following diagram of a firm under competition might be considered as exploitation of intra-marginal units (all but the last units hired) of labour:



This notion of exploitation can be viewed as analogous to the "consumer's surplus" (or "buyer's surplus") for the employer, or buyer of labour, although most neoclassicists, to put the point mildly, would not go this far.[12] Such neoclassicists would tend to argue that intramarginal would tend to be exploited if, and only if, the firm did not produce up to the point where $w = VMPP$. At that point the wages of all workers are equal to the value of their marginal physical product and thus, by definition, they are not exploited. The neoclassicists might add that if intramarginal units of labour are exploited by the firm according to some notion of 'firms' surplus' then the firm, in turn, is exploited by consumers who receive a "consumers' surplus" by paying a price less than they are willing to pay for the quantity purchased. (The "consumers' surplus" is the 'excess' between the aggregate amount that consumers are willing to pay for a commodity and the amount they pay with a single price.)

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[11] Ibid., p. 460.

[12] See, for example, C.E. Ferguson, Microeconomic Theory, Homewood, Illinois: Richard D. Irwin, Inc., 1966, p. 322, where ABC is treated only as the reward to the complementary factor of production, such as land or capital, following the Clark-Wickstead Product Exhaustion Theorem.

To push the argument, a contrary neoclassicist might respond from two angles. Firstly, it is apparent that disequilibrium even under conditions of perfect competition entails exploitation. If, temporarily, the firm is not yet hiring to the point where $w = VMPP$, the intramarginal units of labour are exploited. On the other hand, if, temporarily, the firm is hiring beyond the point where $w = VMPP$, the firm is exploited, presumably by labour, since w_1 is greater than $VMPP_2$. As an aside, if the firm as decision-maker hires too many units of labour such that the last unit hired is paid more than the value of its marginal physical product, is labour really exploiting the firm, or is the firm exploiting itself, or is the very use of the term 'exploitation' simply not credible? Whatever the case, it seems to follow that all 'disturbances' to equilibrium under perfect competition lead to 'exploitation' of some sort.

Secondly, it seems plausible to argue, even given a perfectly competitive equilibrium situation, that there is a reasonable analogy between the consumers' surplus in the product market and the 'firms' surplus' in the factor markets. As the consumers of labour firms gain by paying a wage less than they are willing to pay for the quantity purchased.

Whether this is a surplus in utility or value terms it exists by virtue of the firm's demand for, and hiring of, labour. Labour would have been exploited until the last unit was hired at q_1. Suddenly, at q_1, 'exploitation' evaporates, despite the continuation of the same wage level. Perhaps, it is not unreasonable to suggest, at least within the neoclassical context, that the 'firms' surplus' (from 'exploiting' labour) idea captures the evaporated exploitation when the perfectly competitive equilibrium is attained. Admittedly, though, this notion has a somewhat different sense than the previous ones and clearly rests on shakier ground, especially so since neoclassicism does not establish a clear relationship between 'surplus' and 'exploitation'. However neoclassicists choose to pursue this particular point and whatever its intrinsic interest, it is a non-essential and, in fact, dispensable aspect of the main line of the argument presented here.

It is important to emphasize that with all neoclassical notions of exploitation capital is an 'equal' factor to labour, so capital can be exploited in the same manner as labour. Whether the marginal or intramarginal unit is labour or capital, if it is paid less than the value of its marginal physical product (VMPP) or, what is the same in conditions of competition, its marginal revenue product (MRP), there is exploitation of the factor. Not surprisingly, such an approach raises several of the major weaknesses of the neoclassical theory. For example, if both labour and capital can be exploited at the same time how seriously meaningful can the concept 'exploitation' actually be? And who is it that is doing the exploitation? If it is some abstract "firm", is the firm merely an automated machine divorced from capitalists or workers?

Put simply, the neoclassical notions of exploitation have no place for recognizing the 'unequal' power or position of classes, let alone class struggle in the development of capitalism. Other curious features also appear. For instance, if one takes a worker in an industry which undergoes monopolization, the worker may be performing virtually identical tasks at the same wage both before and after monopolization, yet when the employer became a monopoly there was 'exploitation'. Similarly, one could have two industries, one under competition, the other under monopoly, where two workers perform virtually identical labour, yet the neoclassical theory would consider only the worker in the monopolized industry to be exploited. If the 'exploitation' of intramarginal workers is recognized the situation becomes even more obtuse, since here the last worker hired by a firm would not be 'exploited' while his co-workers even within the same firm would be 'exploited'.

Perhaps, the most obvious problem of the neoclassical approach is that it cannot account for exploitations outside a market system, in pre-capitalist modes of production, nor can it provide a generalized means of dealing with the problem of "unequal" or "non-equivalent" exhchange outside the range of market relations obtaining between firms and factors of production, thus excluding exploitation in other buyer-seller relations, such as between monopolists and small businesses. Nevertheless, if one were to ignore these several problems and, instead, attempt to abstract from the neoclassical notions a general concept of exploitation, it might still convey the idea of exploitation as deficient payment or reward, in effect a process of state of affairs where payment rendered (or revenue received) is less than the value or 'worth' of a factor's contribution to production.

In stark contrast, the Marxist approach has a highly developed theory of exploitation. To begin with, the term itself has a definite and objectively determinable content, that is, the private appropriation of the surplus labour of the producer. Historically, in order for non-productive classes to come into existence, the development of production must have advanced to the point where there exists an economic surplus, or an economic "output" over and above the subsistence needs of the producters. Thus, in its most general sense, exploitation has existed long before the capitalist mode of production, wherever this surplus product has been privately appropriated by those who did not produce the surplus, and constitutes the basis of every classdivided society. Although the particular form of exploitation characteristic of the capitalist mode of production appears more "veiled" in the system of capitalist wage-labour (by comparison, for example, to slavery or feudalism), exploitation is, nonetheless, the basis of capitalism's existence as a classdivided society.

Marx argued that in the system of capitalist wage-labour, workers are paid not for their "labour" but for their "labour-power", that is, their potential or capacity to labour. Labour itself is labour-power "set in motion", actually transforming--and giving the value to--objects in the process of production. This distinction is evident, for example, when one observes workers hired at a set hourly wage, yet undergoing "speed up" or (less likely) being idled. Even when piece rates or other "incentive schemes" are used, the payment systems are determined on a time basis, such as through "time-motion" studies, generally with the average set in a manner similar to wage determination in a straight wage system.

The "law of value" in Marx's approach is a labour theory of value (or, more accurately, exchange-value). The value of a commodity is determined by the socially-necessary labour embodied in the commodity or, stated in other terms, the labour-time socially necessary for its production. The value of the commodity "labour-power", like other commodities, is also determined by the labour-time socially necessary for its reproduction. In calculating this value, the main component is the sum of costs of physical subsistence (including labour's reproduction through families), but there also "enters into determination of the value of labour power a historical and moral element."[13] Ultimately, the numeraire is labour-time measured in hours, person-days, etc.. For convenience, the price of labour-power (wages) measured in commodity money or fiat currency (such as owners of gold or dollars) has often been assumed as a rough equivalent. But it should be noted that for Marx exchange values emerged historically and prior to money; hence, while money or money prices can reflect values, this equivalence obtains contingently not necessarily.

Prices, including the price of labour-power, do deviate from values. In conditions of competition, the fluctuations of prices, brought about by the temporary effects of changes in supply and demand, tend towards a commodity's value. In modern parlance, one could say that under conditions of perfect competition, a stable equilibrium price coincides with a commodity's real value.[14] However, unlike every other commodity, the commodity labour-power can produce or create value. The value created through the labour process in capitalist production is owned by the capitalist, who sells the products of labour. From the capitalist's revenue is deducted surplus value or, roughly, profit, so that only part of the value created by labour is actually returned to labour (in the form of wages).[15] The time expended in producing the value returned by the capitalist in wages is "necessary labour-time"; the time expended in producing the surplus value is "surplus labour-time". In the capitalist mode of production surplus-value is the specific historical form of surplus product, and the maximum extraction of surplus-value ("profit maximizing", roughly speaking) is its motive principle.

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[13] K. Marx, Capital, Vol. I, p. 171. For further discussion of wage determination, particularly the "wage minimum" towards which not all individual workers but workers as a 'species' tend to "level down", see K. Marx, "Wage Labour and Capital", in Selected Works, p. 80.

[14] For further discussion of the role of supply and demand see "Wages, Price and Profit", in Selected Works, pp. 198-200.

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[15] The basic principle upon which Marx based his treatment of exploitation in the capitalist mode was described well by Maurice Dobb: "The analogy between capitalism and earlier forms of society, as regards appropriation of a surplus of those contributing no productive activity, was for him an historical datum: an observation from social experience. It was this analogy with cases where appropriation of surplus-labour or surplus-product was plainly written in political terms or by virtue of legal enactment or military force, and was recognized as such, that he sought to emphasize by talking of a specifically capitalist form of exploitation. The specifically *economic* problem consisted, not if proving this, but in *reconciling* it with the law of value: in explaining how this could happen in the economists' realm of competition and 'unseen hand' where everything exchanged at its 'natural value'. In a popular vein in his *Value, Price and Profit*, he says: 'To explain the *general nature* of profits, you must start from the theorem that, on the average, commodities are *sold at their real values*, and *that profits are derived from selling them at their values* . . . If you cannot explain profit from this supposition, you cannot explain it at all'." (Maurice Dobb, *Theories of Value and Distribution Since Adam Smith: Ideology and Economic Theory*, Cambridge: Cambridge University Press, 1973, pp. 146-147.)

While the direct exploitation of wage-labour by capital is the "normal" form of exploitation under capitalism, exploitation can take place in other ways. In particular, with the rise of monopoly in trade and production, it is possible to dictate low buying and high selling prices to small commodity producers in such a way as to extract more surplus value by buying at a price lower than actual value or by selling at a price higher than actual value. This indirect means of exploitation--"non-equivalent exchange"-- plays a profoundly important role under colonialism and imperialism.[16] Hence, one needs to distinguish three types of prices operating in the historical development of capitalism--high monopoly, low monopoly, and non-monopoly prices--in order to recognize adequately the role of monopoly as well as competition.

> The total mass of surplus value is distributed both according to capital (equal profit on equal capital) and according to the level of monopolisation (monopoly super-profit). The average rate of profit under imperialism is the ratio of the surplus value of society, minus that part of it that constitutes monopoly super-profit, to the whole capital of society advanced. In addition to average profit on their capital, monopolies also receive monopoly super-profit.[17]

The interconnection of these two forms of profit makes evident the relationship between monopoly and non-monopoly sectors of the capitalist economy. Competition tends to equalize rates of profit across sectors, but monopolies by erecting barriers to this competition are able to appropriate a portion of the surplus-value created in the competitive sectors. If a monopoly collapses into competing components, the rate of profit will tend towards the average. Thus, if a monopoly is formed or maintained the average profit level in the competitive sectors can "serve as a reference-point for assessing the efficiency of monopolisation and as a kind of scale for comparing the amount of the super-profits of various monopolies and the lower limit of profitability for the monopolists."[18]

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[16] See, in particular, V.I. Lenin, "Imperialism", Chapters I and X.

[17] G.A. Kozlov (general ed.), Political Economy: Capitalism, Moscow: Progress Publishers, 1977, p. 467.

There is another aspect to the Marxist approach to exploitation which is important to raise. While exploitation underlies the process of "capitalist accumulation", Marx also treats the process of "primitive accumulation". Primitive accumulation can be considered a type of exploitation or, more precisely, "expropriation". It is accumulation outside the normal exchange relation through military conquest, piracy, pillage, extortion, fraud, and so on--in short, brute force and 'crime'. The blotting out of the present, but especially, the past historical role of primitive accumulation is one of the most glaring faults of neoclassical approaches:

> Conventional development economics, in particular, has never been more than a thinly veiled apology for colonialism. Its formal commitment to nationalist aspirations for economic parity with the developed countries has been outweighed by the implications of its basic concept of original underdevelopment. For if underdevelopment is an original condition in the way that conventional development economists assume; if it is a condition in which all countries once existed (characterized by such things as poverty, low labour productivity, backward technology, inadequate equipment and a heavy dependence upon a primitive agrarian sector), then the responsibility for its creation cannot be

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[18] Ibid., p. 467.

> attributed to any class or country. Colonialism is exonerated. While the liberal development economist might concede that particular colonial governments did not do everything in their power to speed progress in the colonies, the point remains that his theoretical premises preclude him from even considering colonialism as a dimension of the problem. In fact, they preclude him from seriously examining underdevelopment as a historical process with particular social, economic and political co-ordinates. In the last analysis, conventional development economics does no more than reaffirm the colonial view that underdevelopment is a natural phenomenon, though the mood of the times no longer allowed this view to be stated in terms of racial differences and explained by the laws of social Darwinism. Since 1945 prejudice has had to change its 'scientific' language.[19]

In the Canadian and Albertan context, it is still commonly the case that the Native Peoples are not seen as playing a profound role in Canada's economic development, nor is the 'underdevelopment' and exploitation resulting from colonialism and imperialism similarly recognized. An extreme case may be the neoclassical rendering of the staple theory with its assumption of the "empty land" characterized distinctively by "a favourable man/land ratio and an absence of inhibiting traditions."[20] There is no single neoclassical perspective which has recognized the role of the Native Peoples in the major accumulations upon which was based, for example, the early Canadian trading and banking concerns established in Montreal and Quebec.[21] However, as long ago as 1930, another staple theorist,

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[19] G. Kay, op. cit., pp. 2-3.

[20] M. Watkins, "A Staple Theory of Economic Growth", in W.T. Easterbrook and M. Watkins (eds.), op. cit., p. 53. Fortunately, Watkins has moved considerably beyond these earlier views. See, in particular, "The Staple Theory Revisited".

[21] One of the few writers to do so has been Stanley B. Ryerson. See: The Founding of Canada: Beginnings to 1815, Toronto: Progress Books, 1960, and Unequal Union: Confederation and the Roots of Conflict in the Canadas, 1815-1873.

Harold Innis, suggested: "We have not yet realized that the Indian and his culture were fundamental to the growth of Canadian institutions."[22]

Geoffrey Kay argues that during the mid-1960s a school of radical development economists emerged (in the advanced capitalist countries) showing "glaring inconsistencies" in orthodox development theory and through historical studies revealing the importance of capitalist penetration.[23] One outcome was a recognition of the twofold consequence of merchant capital in the undeveloped world: "on the one side the tendency of merchant capital to repress general economic development in proportion to its own independent development; on the other the reorganization of whole economies to the requirements of external economic interests."[24] The analysis of the twofold nature of merchant capital, as independent merchant capital and as an agent of industrial capital, according to Kay, has been characterized as "the economics of dependence"[25] (or "dependency theory").

As much as this was an advance on previous orthodoxy, it was fatally flawed because the theoretical framework it employed did not recognize the law of value and thus failed to grasp the nature of the process of underdevelopment:

> This [the economics of dependence] does not recognize the law of value but is an eclectic combination of orthodox economic theory and revolutionay phraseology, seasoned with supposedly self-explanatory facts, such as data concerning the pattern of trade and capital movements, and spiced with cynical quotations by

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[22] H.A. Innis, The Fur Trade in Canada, p. 392.

[23] G. Kay, op. cit., p. x.

[24] Ibid., p. 103.

[25] Ibid., p. 103.

> western politicians and businessmen on their aims and the methods adopted to achieve them. The conclusions reached are not wrong in so far as they go, only they cannot get beyond the level of general ideological critique. Turning their backs on the law of value the best they could achieve was a historical account of the process of underdevelopment elaborated through empirical categories, such as dependence, metropole and satellite, which collapse into hopeless contradiction in the face of close investigation. For example, if underdevelopment is a result of dependence, that is the subordination of one economy to another, then certainly Canada, with over half its manufacturing industry owned by American firms and its agricultural sector dependent upon the world market over which it has no control, must be considered underdeveloped; and to less extent, perhaps, many Western European countries . . . often dominated by the same American firms, must fall into the same category. In other words, the concepts of development and underdevelopment, as used by radical development economists, have not overcome the relative nature which orthodox neoclassical theory bestowed upon them. They have not become distinct, though inseparable concepts, and therefore do not correspond in a scientifically adequate way to the actual processes of development and underdevelopment which are themselves distinct but nevertheless inseparable as aspects of the general process of capitalist development.[26]

While one can find several aspects of Kay's book which need to be challenged, his insistence on the central importance of the theory of value is not among them. It has been emphasized here in order to underline the necessity of grounding critical approaches to capitalist development in a theory of value which truthfully applies to all forms of capitalist development and which uses scientific categories and principles determined clearly and independently of colonialist and imperialist ideology. Of course, the importance of the law of value by no means precludes the analysis of "dependence" nor more important categories such as "dominance" and "subordination". Deeper analysis in this field, based on the law of value will no doubt illuminate such categories in ways hitherto obscured.

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[26] Ibid., pp. 103-104.

As well, it should be noted, the discussion of "dependence" in general should not be counterposed crudely to the law of value or Marxist theory. The concept of "dependence" (together with "interdependence" and "independence") is present at several significant points in Marx's writing.[27] It seems to refer quite specifically to the relationship existing between a commodity producer and his/or her market, or a producer's role in a particular division of labour, where the former's existence is circumscribed by the latter in qualitative and quantitative ways, for example, the dependent relationship of the 'marginal' wheat farmer with the wheat market.

A Third Way?

The polarization between proponents of the labour theory of value, upon which are grounded most theories of surplus value, and proponents of neoclassical or marginal utility theories, has existed in Europe from the second half of the 19th century. Since then, labour theories have tended to be identified with socialist ideology and thus excluded from mainstream academic political economy in most developed capitalist countries. This process also occurred in Canadian political economy; however, there was a considerable differentiation in the reaction against labour theories of value. In this respect, Harold Innis's efforts to find a 'third way' out of the polarization are significant and revealing of the central importance of value theory to the explanation of regional development (and economic history).

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[27] See, for example, K. Marx, Capital, Vol. I, pp. 352 and 737.

While Innis did not accept a labour theory of value, he was critical of the neo-classical (especially, Marshallian) "price theorists" and attempted to form a theory of value based on the analysis of the historical development of institutions. Robin Neill claims that the "analysis of economic progress can be divided into three broad categories: the economics of scarcity, the economics of absolute value, and historical economics."[28] All three have roots in Adam Smith, including historical economics, which was the particular 'third way' of Innis.

Innis maintained that the price system was accidental and not necessary to economic activity, which involves broadly the production, distribution, and consumption of goods and services:[29]

> When this [economic activity] is organized according to the price system the specifying elements are private property, the use of money as a medium of exchange, and the acceptance of rates of exchange set by free market forces. . . . Within the system the medium of exchange provides a common measure of value--because money price under ideal conditions is an index of the market's consensus as to the benefit to be derived from one good in relation to that to be derived from others. That is to say, market prices are a means of communicating throughout the system a consensus as to the relative value of any commodity or service.[30]

On this basis, Innis analysed the development of institutional organization in determining values which, in turn, determined prices (where the price system was operative) or economic activity generally.

According to Neill, two underlying ideas current at the University of Chicago in the 1920s, played a role in Innis's thought. The first idea was that social values or the goals of society are found not in expressed agreement but in "the rules that direct group behavior". The second added the notion of "purposive action". New forms of social behavior reflect social value although they may not immediately be embodied in the prices determined by established institutional arrangements, hence, "social values are expressed in the way society organizes around its technical means and only after this organizational framework has been established for some time will prices reflect social values."[31] This somewhat conservative approach was modified by Innis, who was influenced by certain views of Frank Knight, to allow a greater role for creative or indeterminant behavior:

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[28] Robin Neill, A New Theory of Value: The Canadian Economics of H.A. Innis, Toronto and Buffalo: University of Toronto Press, 1972, p. 20.

[29] Ibid., p. 51.

[30] Ibid., p. 51.

> Innis accepted the idea of social values developing pragmatically and insinuating themselves gradually into a price system through institutional change, as outlined earlier, and modified it with Knight's notion that values are creative, artful, radically free and inderminate. The result was a basic concept of the role of institutional formation in the process of economic advance, that is, that the functions of institutional formation is to liberate social action to accommodate new circumstances and new goals (values), particularly to permit the realization of new possibilities that do not receive expression in the price valuation of established markets.[32]

Neill, in his own way, recognizes the tension in Innis between the idealistic approach to history as reflected above, and the more materialistic (or realistic) approach, for example, in treating the role of technique, which has led most writers to treat Innis as being a type of technological-geographical determinist.[33]

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[31] Ibid., p. 26.

[32] Ibid., p. 31.

[33] See, for example, ibid., pp. 31 and 56.

For Innis, the advance of techniques was 'the engine of growth'. In particular, the spatial and temporal dimensions of a price system were "most fruitfully considered as derivatives of the technique of communication."[34] Thus, the extension of the market into frontier areas depended on the advance of the techniques of communication (and transportation). Once innovation is achieved, the formation of institutions follows to organize development. There is also a centre-margin relationship implied in the approach:

> . . . institutional formation played its role after the innovation of new instruments at the centre and before the granting of credit to new areas on the margin. Technical advance merely makes profit possible and organization is necessary to facilitate the exploitation of possibilities. In other words, the development of new institutions is undertaken with a view to adjusting the price system to the demands of new equipment. An efficient price system is one that rapidly mobilizes resources and Innis concluded from his historical work that 'institutional organization had been designed to enhance mobility'. Specifically, in the normal sequence of growth, institutional adjustment is an essential part of the process of equilibration. With the advance of industrialization, however, the normal sequence of growth is replaced by an abnormal ratchet effect. The writing off of monetary and physical organization becomes extremely costly, often virtually impossible. Under the threat of such adjustments, planned mobilization of resources is extended to offset forces working for equilibrium by ensuring continued advance along existing lines. In short, institutions, once established, tend to direct growth rather than be directed by it.[35]

While Neill's interpretation of Innis's theory of value has much useful material, it is greatly weakened by a grossly superficial treatment of the "economics of absolute value", particularly Marx,[36] and by counterposing it to "historical economics". In fact, Innis operated within the tradition of economic liberalism, but modified important aspects of it to give institutions a more active and determining role in economic development. This was a reaction against the narrow "price theorists", and it was not in all respects opposed to Marxist views of the price mechanism. Nor was it the first reaction to Marshallian price theory in Canadian political economy. Adam Shortt, for example, rejected both the "socialistic" labour theories, and Marshall's theory which was "a re-construction of the hedonistic calculus which involves the presentation of qualitative distinctions in a quantitative form".[37] Instead, Shortt supported Mill's view of the standard of value as being "relative power in exchange" (or "relative difficulty of attainment").[38] Like Innis, Shortt did not want to shift to a fully subjective theory of value:

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[34] Ibid., p. 57.

[35] Ibid., p. 60.

> Purpose and pleasure or satisfaction, while indispensable to economic values, can be no standard for it. The standard is still relative difficulty of attainment, and must be sought not through physiological psychology or the hedonistic calculus, but through the actual experiments of the world's commercial life. Alter the world's fashions, pursuits, or ideals and you have altered many economic values, but still the standard is difficulty of attainment.[39]

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[36] See, for example, ibid., p. 22: "Certainly Marx had exposed a fundamental weakness in price economics but he himself had not come to grips with the problem of growth for he, too, failed to explain the surplus available for expropriation."

[37] Adam Shortt, "Critical Notes: The Basis of Economic Value", Queen's Quarterly, Vol. II, July 1895, pp. 71-73. The word "quantitative" has here replaced the word "qualitative" present in the original, which is most likely a typographical error.

[38] Ibid., pp. 72,73.

[39] Ibid., p. 73.

While Shortt operated more directly in the framework of liberal political economy than did Innis, both maintained the liberal aversion to labour theories of value and consequently, theories of surplus value. In this respect, it is understandable that the 'third way' Neill claims for Innis did not elaborate its own explicit theory of exploitation.

The final section of this chapter will outline and clarify three characteristic approaches to the process of exploitation in the context of regional development.

Exploitation - Of Whom? . . . By Whom?

Among those writings which admit the existence of exploitive relationships in regional development one can identify three principal approaches. In each, the process of exploitation is viewed with a successively greater scope and explanatory adequacy.

At the outset, it is worth emphasizing that the process of exploitation is based on a relationship between exploiter and exploited. This seemingly self-evident point is often obscured in approaches which lack a theory of agency or at least a notion of the source of dynamic motion in the process of exploitation in regional development. In order to pursue this point and shorten the exposition, acausal approaches based on "coincidence" or "it just happens", whether or not posed in probabilistic terms, are avoided as obvious non-starters. Also, in approaches which attempt explanation by reference to disembodied ideas ("drives without drivers"), for example, "the profit motive", or "animal spirits", or "the spirit of the age", such forces are considered as being tied down to their human authors either as a population or class.

(1) The "nature of man" approach. In its present form, this approach considers nature, particularly natural resources, to be exploited by human beings in general or by a more or less definable group of people. The analyses which treat exclusively the plunder of "natural wealth", such as the rapid depletion of non-renewable resources (soil, oil, gas), the wanton mismanagement of renewable resources (forests, water), and the reckless destruction of wildlife (beaver, buffalo) are examples of the approach, although less dramatic examples have also appeared.

In essence, this type of exploitation resolves into a relationship between a particular form of economy and the natural environment. Like other types of exploitation, the exploitation of the natural environment does not exist "in general" but in particular forms. While the economy of an individual area may have specified features determined by certain geographical factors, such as the quality and quantity of fertile land, topography, character of forests, and so on, the form of exploitation is determined by the form of economy. Thus, within the same physical area there is a far different relationship with the environment obtaining in the case of a natural hunting and gathering-type economy compared to the case of an advanced capitalist economy. Also, with different physical areas there can be similar relationships obtaining with the natural environment if the same form of economy exists. In the final analysis, it is the form of economic development which determines the existence and form of exploitation, and consequently, the exploitation of nature is not defined by region but by economy.

Certain views of the exploitation of the natural environment avoid treating the essentially socio-economic character of exploitation. For example, some criticisms of resource exploitation, to the effect of "leave it in the ground (for another day)", are actually concerns about the distribution of property relations, economic rents, commodity prices, and technological advance over time. In general, criticism of rapid depletion of resources and "poor stewardship" of resources, tends to be a criticism about long-term socio-economic impacts to future generations and thus relates to the two other following types of exploitation.

In another context, some staple theorists speak abstractly about the exploitation of particular staples, such as in reference to the beaver, but avoid underlying economic relations, such as exploitation of the Native Peoples. However, this does not imply that all approaches to the exploitation of the natural environment (or, for that matter, the humanly constructed environment) are collapsible into approaches about other types of exploitation. Nor does it necessarily provide answers to larger philosophical questions about the ideal future relationship of human beings to their natural environment. But it does emphasize, again, that the analysis of exploitation of nature necessarily involves consideration of the socio-economic relations which give rise to that exploitation.

Within the Marxist approach, the treatment of this type of exploitation has had less elaboration than, for example, the treatment of class exploitation, but the general lines of approach are nonetheless apparent. Marx viewed the capitalist mode, unlike the primitive communal mode, for example, as "based on the domination of man over Nature."[40] He also recognized a parallel form of "robbery" of the natural environment and labour:

> . . . all progress in capitalistic agriculture is a progress in the art, not only of robbing the

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[40] K. Marx, Capital, Vol. I, p. 513.

> labourer, but of robbing the soil; all progress in increasing the fertility of the soil for a given time, is a progress towards ruining the lasting sources of that fertility. The more a country starts its development on the foundation of modern industry, like the United States, for example, the more rapid is the process of destruction. Capitalist production, therefore, develops technology, and the combining together of various processes into a social whole, only by sapping the original sources of all wealth--the soil and the labourer.[41]

In considering the labour-process, Marx identified a special branch of economic production--extractive industries--as having a direct relation with nature, and others as having an indirect relation:

> With the exception of the extractive industries, in which the material for labour is provided immediately by Nature, such as mining, hunting, fishing, and agriculture (so far as the latter is confined to breaking up virgin soil), all branches of industry manipulate raw material, objects already filtered through labour, already products of labour. Such is seen in agriculture. Animals and plants, which we are accustomed to consider as products of Nature, are in their present form, not only products of, say last year's labour, but the result of a gradual transformation, continued through generations, under man's superintendence, and by means of his labour.[42]

Under capitalism, in which production is founded on the divorce of exchange-value from use-value, natural resources do not have value (exchange-value) until labour is applied to them to become commodities. Consequently, the "robbery of Nature" does not have an objectively calculable value-basis or cost, which is reflected in the destructive character of the capitalist mode. The proper valuation of natural resources must inevitably be a consciously determined policy of society based on some understanding of nature and humanity's relationship to nature.

Although the "robbery of Nature" is a problem particularly intense in hinterland areas, which typically are compelled to play a role in the division of labour geared heavily towards extractive industry, this type of problem is not unique to hinterland regions and is more adequately explained by the following types of exploitation:

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[41] Ibid., p. 506-507

[42] Ibid., p. 181.

(2) The "region of man" approach. This approach is most prevalent in metropolitanism and dependency theory. Superficially, it suggests the existence of an "area of exploitation"[43], wherein the entire population is exploited. The exploitation can be done by the entire population of another region or by a class or classes of another region. Under analysis, the approach resolves into the problem of "non-equivalent exchange". This includes, typically, questions of terms of trade and interregional flows of surplus which are related to the distribution of property rights and, in turn, to the role of private monopoly and the state.

Like the "nature of man" approach, this approach does not necessarily recognize class exploitation, particularly between classes within the hinterland region. In fact, substituting a regional approach for a class approach has often been used to obscure the fundamentally class character of exploitation in the hinterland region. In terms of the relations between wage-labour and capital in a hinterland, the regional approach might or might not coincide with the interests of both classes of the region. For instance, better terms of trade for hinterland commodity producers may lead to relatively higher profits but not relatively higher wages within the hinterland.[44] The distribution of benefits from better terms of trade for hinterland commodities is determined generally by the balance of class forces in the hinterland region. However, this does not rule out the possibility that the interests of both classes might coincide insofar as improved terms of trade are concerned, because under a particular given set of class relations the benefits of the improved terms of trade could accrue to both classes. Such a temporary coincidence of interests is evident in the "national liberation movements" of some colonial and former colonial countries.

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[43] See Chapter 2, and A.R.M. Lower, Colony to Nation, p. 202.

[44] Some Alberta evidence in support of this is contained in Ed Shaffer, "Class and Oil in Alberta", and in the last chapter of the thesis.

There are three specific questions relating to the "region by man" approach which deserve special emphasis. First is the problem of defining a region. There have been a wide range of definitions of region, especially by geographers. But the definition of a region is not simply a geographical matter, a point which is recognized in the highly subjective definition of the American Association of Geographers:

> . . . a region is not an object either self-determined or nature given. It is an intellectual concept, an entity for the purposes of thought, created by the selection of certain features that are relevant to a real interest or problem, and by the disregard of all features that are considered to be irrelevant.[45]

Brewis himself suggests that there are four main classifications of regional definitions: Homogeneous Regions, which are regions by the criteria of homogeneity, that is, having a significant characteristic or characteristics in common, such as a low income level, high percentage of unemployment, and so on; Nodal Regions, sometimes known as "polarized" or "functional" regions, which are based on focal points of economic activity and functional relationships such as commuting patterns, marketing patterns and administrative controls; Administrative Regions, which are defined by administrative jurisdiction, such as for roads, education, taxes or industrial development; Regions of Potential Growth, which are regions established with a view to serve as focal points for economic expansion, such as centering on a watershed for hydro or irrigation development or an urban area for industrial development.[46]

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[45] Cited in T.N. Brewis, Regional Economic Policies in Canada, p. 45.

Meyer suggests a similar classification around three traditionally different approaches: "The first stresses homogeneity with respect to some one or combination of physical, economic, social or other characteristics; the second emphasizes so-called nodality or polarization, usually around some central urban place; and the third is programming--or policy-oriented, concerned mainly with administrative coherence or identity between the area being studied and available political institutions for effectuating policy decisions."[47] It is noted that all definitions are, in some sense, related to the homogeneity criterion; however, in practice the homogeneity approach is reserved for definitions relying on certain quantitative variables, while the others tend to be more qualitative or institutional in character.

The definition of region in relation to treating the process of exploitation can run aground where circular reasoning exists. For example, if a hinterland region is defined, in effect, as any area which is exploited, then regional approaches to exploitation become self-serving. Similarly, defining a hinterland as an exploited or subordinated region of a metropolis tends to 'rationalize' metropolitanism or dependency theory. Historically, the boundaries of regions are determined in the process of political economic development. How an individual region, whether new or old, is defined must be viewed in its own particular context. In certain cases, internal or external state rivalries, as opposed to geographical-technical factors, play a greater role; in other cases, the role of such rivalries is more limited. In the final analysis, though, regional boundaries are not "nature given" but formed by political economic development.

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[46] Ibid., pp. 46-53.

[47] J.R. Meyer, op. cit., p. 22.

In the case of the western interior and Alberta, most definitions characterize the entire western interior of Canada as a region. As emphasized by certain frontierists, this definition has a definite arbitrariness from a strictly geographical standpoint since the Canada-U.S. border divides an homogeneous plains area. So if there is a particular homogeneity in the western interior it probably relates to the common history of the western interior from its days as a colonial unit of England and Canada. The legacy of colonialism is still apparent in the development of the western interior, although the arbitrary fragmentation of the territorial unit into the three prairie provinces in 1905 (to be considered later) accentuated division rather than homogeneity.

Since colonialism implies the control of a territory by an outside state, the role of the colonial state in the general subordination of the economy of the territory to the colonizing power becomes a crucial question. To the extent the colonial (or federal) state is used to impose unfavorable terms of trade, taxation, or other economic burdens on the entire population, so is the exploitation regional (or national) in character. But to the extent that particular commodities or particular classes or races of the population are compelled to bear these burdens, so is the exploitation sectoral or class or racial in character.

The second question has to do with the precise delineation of the mechanisms of exploitation. To this point the emphasis has been on "non-equivalent exchange", especially in the terms of trade of commodities, but several other mechanisms deserve mention. Excluding for the present the "terms of trade" in the labour market, the three key mechanisms of surplus transfer are outflows of surplus through inter-regional commodity flows, outflows of surplus through inter-regional capital flows, and outflows of surplus through state transfers. The first mechanism relates to the terms of trade or exchange for commodities. In Alberta, this has been especially crucial in such matters as wheat prices, freight rates, and oil prices. The second mechanism relates to capital flows. Since the turn of the century capital exports from central Canada and other parts of the world to the prairies have become increasingly important as have their "terms of exchange". Whether by direct or portfolio means, these terms have contributed to substantial drains of surplus in such forms as profits, interest and rents. The third mechanism relates to internal transfers within or through the state structure. The position of the Canadian state in colonialisation and later development has played a role in support of the positions of private capital, such as the railways, but these can also be viewed as direct extractions of surplus through taxation, customs, and the pricing policies of public enterprises.

The essential economic principles of international trade and balance of payments relates directly to regional areas within a state[48], although the sphere of state action in the international arena is much restricted (but not absolutely, as seen in aid programmes, military relationships, etc.) by comparison to regional areas within a state. At root is a struggle over the distribution of prices, profits, rents, whose main determinants are the structure of property relations, and the control of the state, which is closely tied in with pricing and the distribution of the surplus. However, for a variety of reasons the accounting of transfers of wealth and income among regions in Canada has not reached the level of international accounts[49], so that it is not yet possible to achieve precise estimates of the magnitude of the transfers in either money or value terms.

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[48] Marx commented tersely that "whatever is true of foreign trade, is also true of home trade". (Capital, Vol. III, p. 325.)

The third question has to do with the relation of regional approaches to other "sectional" forms of exploitation. The existence of "regional exploitation" is posited on the basis of the general subordination of the economy of one region to another region through the exercise of monopoly and state power to various degrees and in various ways. However, the weakening of colonial and other oppressive state forms, and the emergence of new patterns of world and regional trade and development can alter fundamentally the general pattern of subordination in a particular region. Hence, a particular sector within a region (such as the petroleum industry in Alberta) or country may advance its position at the expense of other sectors in the region or another region and thereby modify or even reverse the general subordination. In this situation, "regional exploitation" is transformed into "sectoral exploitation". As both industries and regions form part of a given division of labour, one can conclude that both those special forms of exploitation are "sectional" in character, or based on non-equivalent exchange in the division of labour.

The existence of special forms of exploitation based on national, racial, religious, sexual, age, or certain other oppressions also have a sectional character. For example, racism is a major element in the history of exploitation in exchange relations involving the Native Peoples in both pre- and post-reserve periods. Insofar as "racism" affects such matters as the terms of trade for commodities, it can be treated as a particularly pernicious variation on the theme of non-equivalent exchange. Insofar as these special forms of 'sectional' exploitation take place through the labour market it can be treated as an aspect of the third type of exploitation. A rate of exploitation among one or other sectional groups which is greater than the average rate of exploitation can be treated as "super-exploitation" whether it exists in either the second or the third types of exploitation.

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[49] See, for example, Stan Czamanski, Regional and Interregional Social Accounting, Lexington, Mass.: D.C. Heath and Company, 1973.

In its broadest terms, the "region by man" approach can be reduced to the problem of indirect exploitation, or "non-equivalent exchange". At one level, other forms of sectional transfers of surplus, based on sector, race, nationality, sex, age, etc., could also be placed on the same footing as region. However, region is here elevated to a "special" position for three reasons. Firstly, we are concerned in this thesis above all with the development of capitalism in Canada as it has affected a particular region, namely, the western interior and Alberta. Secondly, the regional approach to exploitation has received some useful attention, not only in rather general formulations but in significant attempts to measure interprovincial terms of trade[50] and exchange imbalance[51]; such work has been a major approach in viewing the uneven development of capitalism in Canada. Thirdly, and perhaps most importantly, the expansion of capitalism, colonialism and imperialism have all had definite territorial

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[50] See, for example, W.A. Carrothers, "The Barter Terms of Trade Between British Columbia and Eastern Canada".

[51] See, in particular, Kenneth Campbell, op. cit..

(and thus regional) dimensions.[52] The annexation of territory and, allied to it, the unleashing of primitive accumulation through the forcible imposition of particular property relations, constituted a development of fundamental importance to the advance of capitalism. The process of primative accumulation has been and continues to be such an important aspect of regional development that it needs to be recognized separately. As a matter of convenience it can be treated as a form of non-equivalent exchange taken to the extreme--expropriation. And the consequence of the particular historical character of primitive accumulation can be recognized in patterns of ownership and, related directly to these patterns, in the mechanisms of regional exploitation leading to wealth transfer. Nonetheless, in circumstances permitting more detailed elaboration, the present classification could be altered to recognize certain additional categories in the analysis of approaches to exploitation.

(3) The "man by man" approach. This approach is less directly evident in academic writing than the previous two, but it is fundamental to both. As has been described previously, the exploitation of man by man (understood as human being by human being) characteristic of the capitalist mode is the exploitation of wage-labour through the private appropriation of surplus value. Such exploitation requires the existence of a class structure not only in the "metropole" but "hinterland" regions. Within a regional perspective it can be seen to have four main determinants: firstly, the exploitation of wage-labour in the region by capitalists in the region; secondly, the exploitation of wage-labour in the region by capitalists outside the region; thirdly, the exploitation of wage-labour

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[52] See, for example, Norman L. Nicholson, The Boundaries of Confederation, Toronto: Macmillan Company of Canada, 1979.

outside the region by capitalists in the region; and fourthly, the exploitation of wage-labour outside the region by capitalists outside the region.

The general structure and dynamic of exploitation is interwoven throughout the economy and thus the full array of socio-economic class forces in all regions of the economy finally determine the relationships of exploitation. Typically, the so-called "hinterland region", such as the western interior, has a disproportionately high degree of the second aspect, which is usually in the form of branch plants, chain stores, and generally, any extra-regionally-owned business employing wage-earners. However, the other aspects deeply affect the picture. Some versions of the previous two approaches ignore the role of regional capitalists and fixate on various interregional struggles among capitalists (over such matters as terms of trade, tax and tariff policy, etc.). This often plays a "political" role, such as in elevating the image of "hinterland" capitalists, but as an approach it is incapable of explaining a multitude of phenomena. For instance, the emergence of "responsible government" and "provincial autonomy" by 1905, which involved the devolution of increased "autonomy" to a "responsible" propertied class, reflected the development of a definite and increasingly stable class structure in the western interior. A parallel problem also exists in explaining the relations of non-equivalent exchange and primitive accumulation, since both regional capitalists as well as simple commodity producers existed, and played their own respective and sometimes conflicting roles in these forms of exploitation.

The four aforementioned aspects suggest a picture of at least four "nodes" with the antagonism between wage-labour and capital setting the fundamental relation, and other tensions (such as between the regional "nodes" of capital and of labour) and other social elements, determining the final relationship of economic forces. This framework for viewing the basic economic structure and dynamic of the regional development of capitalism, upon and around which can be built other interregional and intraregional elements, constitutes the basic matrix of exploitation. The resulting "sum" of socio-economic forces determines not only the character, but the extent of exploitation, as reflected, for instance, in the rate of exploitation of wage-labour or the terms of trade, and thus the interregional and intraregional flows of surplus product (surplus value).

In observing the academic writing on development in the western interior and Alberta, it appears that most writing which recognizes the existence of economic exploitation has concerned itself with the second ("region by man") approach and, to a lesser extent, the first ("nature by man") approach. The most conservative trends, whether in the overt imperialist ideology prevalent prior to World War I or in the later forms of "frontierism" or the "staple theory", are characterized typically by a non-recognition or denial of the existence of any structural or systematic form of exploitation, with the occasional exception of the exploitation of nature (which is generally viewed approvingly). The more critical or "liberal" trends within liberal economics, which also appeared in such forms as frontierism, the staple theory, metropolitanism, etc., are generally characterized by the recognition of some type and degree of exploitation, primarily through the second approach. Of the third approach, very little has been written. In the succeeding chapters this thesis proposes to outline some of the main lines such an approach could take.

Chapter Five

The Periodicization of Development in Alberta and the Western Interior

> The whole history of the progress of human liberty shows that all concessions yet made to her august claims, have been born of earnest struggle. . . . If there is no struggle there is no progress. Those who profess to favor freedom and yet depreciate agitation, are men who want crops without plowing up the ground, they want rain without thunder and lightning. They want the ocean without the awful roar of its many waters.
>
> This struggle may be a moral one, or it may be a physical one, and it may be both moral and physical, but it must be a struggle. Power concedes nothing without a demand. It never did and it never will.
>
> Frederick Douglass (1857)

The entire history of Alberta and the western interior of Canada thus far has traversed only two modes of production, the primitive-communal mode and the capitalist mode. These modes mark off the two great eras of development in Alberta. The watershed was reached about 1885 or, more broadly, the 1870s and 1880s; the completion of the C.P.R. and the defeat of the North-West Rebellion signalled the defeat of the primitive-communal economy and the triumph of capitalism.

Prior to the dominance of the capitalist mode, an extensive colonial trading system based on the fur trade, had been established in most areas of the western interior. The emergence of the trading system, which will be treated later, eroded the pre-existing primitive-communal mode of production of the Native Peoples, but did not itself constitute the dominance of a new mode of production. In this respect, the present analysis treats "mercantilism" not as a mode of production, but as a concept used historically to refer roughly to a colonial commercial system dominated by merchant capital.[1] Consequently, we can treat the many decades of mercentalist penetration in the western interior as a period of transition preceeding the capitalist mode but dependent on the predominant primitive-communal mode.

Bearing in mind that the primary interest here is the development of the capitalist mode, we can divide the economic history of this region of the globe presently called "Alberta" into three general parts. The first period begins with the earliest presence of the Native or aboriginal people in the area no later than about 11,000 years ago,[2] and continues until the penetration of European merchant capital in the fur trade during the second half of the 18th century. The second--transitional--period covers the time from the establishing of the fur trade to the ending of its leading position during the 1870s and 1880s. The third period opens in the 1870s and 1880s with the process of "internal colonization", particularly the development of the railway, and extends to the present.

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[1] Mercantilist systems were themselves dependent on the early development of capitalist production (industrial capital) in Europe. However, the significance of the productive basis of mercantilism was often obscured in classical political economy: "The first theoretical treatment of the modern mode of production--the mercantile system--proceeded necessarily from the superficial phenomena of the circulation process as individualised in the movement of merchant's capital, and therefore grasped only the appearance of matters. Partly because merchant's capital is the first free state of the existence of capital in general. And partly because of the overwhelming influence which it exerted during the first revolutionising period of feudal production--the genesis of modern production. The real science of modern economy only begins when the theoretical analysis passes from the process of circulation to the process of production." (K. Marx, Capital, Vol. III, p. 337.)

[2] See Alan Bryan, "The First People", in W.G. Hardy (ed.), Alberta: A Natural History, Edmonton, Hurtig Publishers, 1967, pp. 281-282.

In the earliest period, development was dominated by a variety of Native bands, generally living at a subsistence level in an economic system based on nomadic hunting and gathering, a type of "primitive-communal" mode of production.[3] The areas of the Alberta region used by the many bands varied greatly over time in relation to a multiplicity of factors such as climate, hunting conditions, terrain, technique of travel, and power relations existing among the different bands. By about 1725 A.D., towards the time of the first European and Canadien probes into the area, there were in and near Alberta four main groups of Native Peoples, defined linguistically: firstly, sections of the Athabascan, including the Beaver, Chipewyan, Sarcee, Sekani, and Slave, in the areas north of the North Saskatchewan River, which typically were covered by forests; secondly, the Algonkian, including the Blackfoot, Blood, Cree, Gros Ventre, and Peigan, generally in the areas south of the North Saskatchewan, which were primarily prairie and parkland; thirdly, the Siouan, including in Alberta only the Assiniboine (some of whom are today known as Stonies), also in the southern part of Alberta, but to the east and mainly in southern Saskatchewan and south-western Manitoba; fourthly, the Kootenayan, principally the Upper Kootenay, again in southern Alberta, but along the eastern side of the Rockies.[4] Around this time, at least two tribes, the Cree and the Assiniboine, were involved as middlemen with merchant interests in the Hudson Bay and from the St. Lawrence area.

The pre-capitalist economy of the Native Peoples was a "natural economy" (or "subsistence economy") in that the process of production

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[3] In this context, "primitive" carries the meaning of "first" or "original", not "crude" or "unsophisticated".

[4] Diamond Jenness, The Indians of Canada, Ottawa: National Museum of Canada, 1972 (first edition, 1932).

(hunting, gathering, preparation, carrying, etc.) for food and other material necessities was organized for direct consumption, and not for the purpose of trade or exchange as emerged later in the second period and predominated in the third period. The growth of labour productivity, which was tied to the level of development of primitive tools and techniques, remained within a subsistence range. Occasional economic surpluses did arise (as did shortages), thus enabling some intertribal trade; typically, however, such surpluses were not a major or regular part of production and each band unit was self-sufficient. Correspondingly, production relations were based on simple cooperation with the division of labour, most pronounced between sexes, being limited and relatively stable. Although there were certain recognized personal belongings, there was no system of private property, for the main means of livelihood or subsistence--the "land" (including its resources)--was used in common. Hence, the social structure was roughly egalitarian, or at least without class division, and there existed no state nor rudimentary state institutions.

The second period stands as a transition between the dominance of the primitive-communal mode of production in the first period and the dominance of the capitalist mode in the third period. Merchant capital, with its corresponding class of merchants and their agents, established itself as the leading economic force in strategic areas of the region. The process was exemplified by the history of the Hudson's Bay Company (1670), one of the state-chartered trading monopolies of English colonialism. Although the hunting and gathering productive forms of the Native population predominated throughout the second period, commodity production was introduced into the natural economy through the fur trade, and some severely constrained and primitive forms of capitalist production made their first appearance. Within several decades, the development of a portion of the pre-capitalist economy was dependent on the fur trade and subordinated to the dictates of merchant capitalist accumulation.

The second period itself had two phases. The first was a phase of rivalry. The trading rivalries involved the London-based Hudson's Bay Company (H.B.C.) and various St. Lawrence-based interests, first (French) Canadien, then after the conquest of New France, Anglo-Canadian. The principal rivalry, which grew in intensity during the period, emerged between the H.B.C. and the Montreal-based North-West Company (N.W.C.). The rivalry reached its peak during the period 1812 to 1820, which A.S. Morton claims was "the fiercest, most violent and most bloody in the none too gentle history of the North West".[5] Marked by the 1821 amalgamation of the N.W.C. into the H.B.C., the phase of rivalry was superceded by a phase of monopoly. The H.B.C. monopoly faced increased internal and external challenges after the 1840s, but maintained its leading position in most of the Alberta region until the 1870s and 1880s.

With the 1870 transfer of Rupert's Land from the H.B.C. to the new Canadian state, the western interior was formally annexed by the Canadian state and the gates were opened for capitalist expansion. The annexation of the western interior marked the beginning of the process of "internal colonization", which was the particular form in which capitalist expansion took place. It also marked the ending of the predominance of the primitive-communal mode of production. Within two decades, despite two rebellions and other acts of resistance by Native Peoples, the new leading capitalist force centred in eastern Canada came to exercise effective political economic power over the region. The completion of the railway and the crushing of the North-West Rebellion in 1885 made the process irreversible. The predominance of the primitive-communal mode was replaced by the predominance of the capitalist mode.

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[5] A.S. Morton, "The Place of the Red River Settlement in the Plans of the Hudson's Bay Co., 1812-1825", Canadian Historical Association, Report, 1929, p. 105.

The third period, the period of the capitalist mode, opened with Anglo-Canadian capital and the new Canadian state as the dominant power in the western interior. By 1867, an emerging class of Canadian businessmen had obtained leading positions in the colonial government of "British North America", had worked out a set of arrangements for colonial federation (of the Canadas, New Brunswick and Nova Scotia) in collaboration with the British colonial authorities, and was taking charge of the formation of a new Canadian state. This rising "national bourgeoisie" was largely English-speaking and centred in the St. Lawrence valley region and south-eastern Ontario, especially Montreal and Toronto.[6] Its wealth derived from a long history of conquest and capital accumulation in Canada, notably in the fur and timber trades, banking, land speculation, construction, military provisioning, and some agriculture but increasingly in rivalry with English mercantilist interests and American capitalist interests. During the 1840s and 1850s, its 'coming of age' was hastened by a marked turn towards industrialization (perhaps Canada's own "mini-industrial revolution") under the primary impetus of early railway development.[7]

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[6] A brief historical overview and some bibliographical references are provided in Wallace Clement, The Canadian Corporate Elite: An Analysis of Economic Power, Toronto: McClelland and Stewart, 1975, Chapter 2. See especially Gustavus Myers, A History of Canadian Wealth; Stanley B. Ryerson, The Founding of Canada and Unequal Union; Gerald J.J. Tulchinsky, The River Barons: Montreal Businessmen and the Growth of Industry and Transportation, 1837-43, Toronto and Buffalo: University of Toronto Press, 1977.

[7] The qualitative and quantitative significance of the 1850s and the 'railway boom' have not yet been adequately explored, although the period's general importance has long been recognized. See, for example, Adam Shortt, "Railroad Construction and National Prosperity: An Historical Parallel", Royal Society of Canada, Transactions, Sec. II, 1914, pp. 295-308; Penelope Hartland, "Factors in Economic Growth in Canada".

The chief components of the new leading business class were railway and steamship-line promoters, financial promoters, industrialists, certain church interests, and successors of the old mercantile bourgeoisie.[8] Beginning in the late 1840s, the ascendency of the older and more conservative merchant and allied banking interests was superceded by the newer and more dynamic industrial (including railway) and allied banking interests. The most powerful grouping among these interests was centred at Montreal in the Bank of Montreal and the Grand Trunk Railway, and tied strongly to British capital.

It was this business class based in central Canada with its controlling positions in the Canadian state that led the process of internal colonization of the Prairies and set forth the so-called "National Policy". In essence, this same class has been the dominant politico-economic force in Canada to the present, although its independence and the independence of the Canadian economy and state have been circumscribed and seriously curtailed by certain 'special' relationships which existed first with British and, later, with U.S. capital.

Problems of [illegible]riodicization

The periods outlined in this chapter do indicate the existence of important 'turning points' or qualitative changes in Alberta's economic development. However, it is not suggested at this level of analysis that the dating of particular periods or phases is a matter of microscopic precision. As Harold Innis commented in 1931 (perhaps too one-sidedly):

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[8] Stanley Ryerson, Unequal Union, pp. 276-277. A useful criticism of views which would ignore or downplay the role of industrial capital in the formation of this business class is found in Stanley Ryerson's review of Tom Naylor's The History of Canadian Business. See "Who's Looking After Business?", This Magazine, Vol. 10, No. 5 and 6, November-December 1976, pp. 41-46.

> It is unnecessary to emphasize to historians, certainly to economic historians, the difficulties of deciding upon any precise date at which a given period ends or begins . . . . The constitutional historian or the military historian may perhaps choose the dates of treaties, acts, and battles as precise measuring points but the economic historian is interested rather in the slow accumulation of forces which gather headway long before they have been crystallized in events which are of special interest to the constitutional historian. The cumulation of forces responsible for the important developments in the eighteenth century has its roots deep in the seventeenth and sixteenth centuries.[9]

For example, although it might be argued that in legal terms, the transfer of the Hudson's Bay Company monopoly charter rights to the Canadian state took place on July 15, 1870, the actual process of "transfer" of political and economic power was more complex and extended. The change occurred--more or less decisively--in different areas of Alberta at various times during the 1870s and 1880s in relation to the establishing of the physical presence and imposing the power of the Canadian state. However, this was not simply a technical or geographical process. The arrival of a piece of railway track or a steam locomotive was not in itself decisive;

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[9] H.A. Innis, "An Introduction to the Economic History of the Maritimes, Including Newfoundland and New England", in Essays in Canadian Economic History, edited by Mary Q. Innis, Toronto and Buffalo: University of Toronto Press, 1973 (first printing, 1956), p. 34. In discussing the emergence of modern imperialism, Lenin mentioned a similar concern: ". . . I have quoted detailed statistics which enable one to see to what degree bank capital, etc., has grown, in what precisely the transformation of quantity into quality, of developed capitalism into imperialism, was expressed. Needless to say, of course, all boundaries in nature and in society are conventional and changeable, and it would be absurd to argue, for example, about the particular year or decade in which imperialism 'definitely' became established." ("Imperialism", p. 267.)

what was decisive was the new configuration of socio-economic forces, represented in the arrival of this particular technology in a particular area, and the concomitant changes in the balance of socio-economic relations. Such matters as the coming of the North-West Mounted Police, the dispossession of Native lands, white settlement, steamboat and railway transportation, and the defeat of the North-West Rebellion in 1885, were all specific aspects of the particular process. Yet, through all the multitude of changing relations in this phase of development, economic life was radically transformed and the dominant power did shift.

In this perspective, it is graphic illustration to read the observations of the Rev. Dr. McQueen recalling his view of Edmonton in 1887:

> The population of the town at that time was in the neighbourhood of 350. In addition to the Hudson's Bay Company's depot for its outlying posts, there were six mercantile establishments whose stocks consisted of every imaginable thing from sides of bacon to ostrich plumes. There was also a butcher-shop, a baker's, a blacksmith shop, a land office, the Edmonton Bulletin printing establishment, and a carriage-maker's shop, four churches, two schools, four hotels, a post office, telegraph office, grist-mill, saw-mill, and a brickyard. Small settlements of homesteaders at Namao, Belmont, Stoney Plain, Clover Bar, and eastward at Beaver Lake, gave to the little village its promise of a widening agricultural industry to take the place of the receding fur trade.
>
> . . . Across the beautiful valley on the second bench of the northern bank of the river sat the Hudson's Bay Company's Fort, while back behind on higher ground . . . stood the "Big House", the home of the Hudson's Bay Company factor, and the rendezvous and resting-place of all "the Company's" officers travelling to and from the North. There were "the seats of the mighty" indeed, for here also was a detachment of the North-West Mounted Police. The one represented the old régime and the other the transition stage between the old and the new order of things.[10]

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[10] E.A. Corbett, McQueen of Edmonton, Toronto: Ryerson Press, 1934, pp. 36-38.

In dating the earlier period a similar problem arises. At first glance, it might appear obvious to date the penetration of merchant capital with the first known visit to Alberta of a fur trader. From available evidence this could be 1754, when Anthony Henday, an agent of the Hudson's Bay Company, arrived in Alberta and, with the help of some Crees and Blackfoot, reconnoitered the potential for trade in parts of central Alberta as far west as Rocky Mountain House. However, one might also consider the distinct possibility of an earlier unrecorded venture (or ventures), probably by a trader attached to La Verendrye or one of his successors, for the trade based in New France. As well, one must take into account that the impact of European mercantilism had been felt in the region of Alberta well before the arrival of any particular companies or their agents.

An established trade in furs had existed along certain major waterways in eastern Canada as early as the second half of the 16th century,[11] and the Spanish conquest and trade in central America and areas bordering on the Gulf of Mexico had been making its presence felt in southern and western North America from early in the 16th century. Indeed, major migrations and changes in the politico-economic life of indigenous peoples in North America--including warfare and genocide--had been taking place for well over two centuries as a consequence of generally expanding European conquest and trade.[12] In Alberta, for instance, both horses and firearms had been known and used prior to Henday's arrival; horses had been introduced from the south, and firearms from the Hudson Bay. From the beginnings of the Hudson Bay trade, certain groups of the Native population, notably among the Cree and the Assiniboine, had acted as middlemen between trading posts on the Hudson Bay and other groups in the interior, such as the Blackfoot. It has been suggested that between 1700 and 1720 parts of eastern Alberta were already 'hinterland' areas of trade for the Fort Churchill and York Factory posts on the Hudson Bay.[13]

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[11] Harold A. Innis, The Fur Trade in Canada: An Introduction to Canadian Economic History, Toronto: University of Toronto Press, 1970 (first edition, 1930), Chapter 2.

[12] See, for example, Arthur J. Ray, Indians in the Fur Trade: their role as trappers, hunters, and middlemen in the lands southwest of Hudson Bay, 1660-1870, Toronto and Buffalo: University of Toronto Press, 1974, Chapter 1; E. Palmer Patterson II, The Canadian Indian: A History Since 1500, Don Mills: Collier Macmillan Canada, 1972, pp. 57-106.

Nevertheless, while the main trend of westward expansion of the fur trade was evident in the arrival of Henday, it could not necessarily be said to have been "established". Innis claims that, "In 1736 the gap between Lake Superior and Lake Winnipeg had been bridged, but the representatives of the trading company were very reluctant to push trade farther west."[14] Yet some particular traders such as La Verendrye did push trade farther west, thereby attempting to consolidate and advance against the rival English trade out of Hudson Bay. During the succeeding years there were several cases of major explorations and the advance of trade, but there were also several cases of temporary and abandoned posts as far west as, for example, Fort La Jonquière (1751).[15] Thus, although the trade had penetrated it had not yet been regularized or consolidated.

Since one is trying to determine when the fur trade in Alberta became not merely an accidental or transitory phenomenon but a direct and irreversible force in economic development, indications of the existence of permanent trading centres and areas geared to commodity production are key. These seem to arise in the western interior following the English conquest of New France (1759-63), which ended serious competition from Canadien and French merchant capital. But the conquest also gave rise to a new rivalry. Superceding the Canadien traders were some arriviste Scottish and English traders who sought to take advantage of the conquest, which was also the conquest of a lucrative fur trade. The American Revolution (1775-1783) and Jay's Treaty (1794) led to a major shift in the Montreal-based trade from their traditional areas in the southwest, which were coming under increased pressure from U.S. westward expansion, toward the northwest. This shift precipitated sharpened attacks on the Hudson's Bay Company trading monopoly in the area southwest of Hudson Bay and led to the era of intensifying rivalry between English merchant capital and Anglo-Canadian merchant capital for control of trade in the western interior.

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[13] Arthur J. Ray, op. cit., Chapter 3.

[14] H.A. Innis, The Fur Trade, p. 92.

[15] Fort La Jonquière may have been built within sight of the Rocky Mountains, possibly near Calgary. (Ibid., p. 95.) More likely, it was built in Saskatchewan, not far from the junction of the North and South Saskatchewan Rivers.

Soon after their arrival, the Montreal independents, who were characterized haughtily by the H.B.C. as the "Pedlers", posed a competitive threat to the H.B.C.'s monopoly. As in earlier phases of competition, the H.B.C. responded by pushing trade farther inland. In 1774, the H.B.C. opened its first permanent post in the western interior, Cumberland House (in eastern Saskatchewan). To compete more effectively for the trade in the northwest, a group of the Montreal independents formed the North West Company, a joint partnership which developed out of various seasonal alliances of groups of Montreal-based independents.[16] The first North West

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[16] Some leading partners of the N.W.C. during its 42 years were Simon McTavish, the McGillivrays, Alexander MacKenzie, David Thompson, two Simon Frasers, Peter Pond, the Frobishers, Isaac Todd, the McGills, John Richardson, and John Ogilvy.

Company (N.W.C.) was established in 1779. This was succeeded by the North West Companies of 1780-82, 1783-87, 1787-1894, 1804-21, and a temporary breakaway from the N.W.C., the XY Company of 1798-1804. In 1792, near present-day Elk Point, Fort George (N.W.C.) and Buckingham House (H.B.C.) were established. This was followed in 1794 and 1795, respectively, by Fort Augustus (N.W.C.) and Edmonton House (H.B.C.), both about 20 miles east of present-day Edmonton. These were the westernmost posts until the next major westward jump was made in 1799 with the establishing of Rocky Mountain House (N.W.C.) and Acton House (H.B.C.), about 200 miles further upstream. Although the sites of Fort Augustus and Edmonton House were moved in 1802 and again in 1810 and 1813, after which the last was continuously occupied , it is evident that a permanent trading presence and the beginnings of commodity production were set in place in this area of Alberta during these decades.[17]

Thus, one can say that by the beginning of the 19th century, merchant capital had penetrated and established itself in Alberta. Similarly, in relation to the beginning of the third period, one can say that with the completion of the C.P.R. and the defeat of the North-West Rebellion in 1885, capitalist power and, together with it, the capitalist mode, had come to lead and to dominate the development of Alberta.

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[17] See A.S. Morton, A History of the Canadian West to 1870-71, London: Thomas Nelson and Sons, 1939, p. 511; J.G. MacGregor, Edmonton, A History, Edmonton: Hurtig, 1967, Chapters 1,2; Ernest Voorhis, Historic Forts and Trading Posts of the French Regime and of the English Fur Trading Companies, Ottawa: Department of the Interior, 1930, pp. 34-35. For a brief period the XY Company also set up an outpost in the Edmonton area.

The Phases of Capitalist Development

With the growth of world markets and the spread of capitalist production, distribution, and exchange through the world, including into the colonial system, economically disparate and scattered regions were drawn rapidly into the international capitalist system. As parts of this system, development in regions such as Alberta was increasingly related to developments in other areas of the system, particularly the areas of the most advanced development. Because of this interrelated character of the development of capitalism in Alberta with the development of capitalism in general, it is necessary to consider the development of capitalism in the Alberta region in relation to the levels or stages of development of capitalism at a world level.

Viewed from this world-level standpoint one can discern five main phases marked, respectively, by the rise of monopoly capitalism (modern imperialism), the rise of state-monopoly capitalism and the first stage of the general crisis of capitalism, the second stage of the general crisis, and the third stage of the general crisis.

At a world level, the era of competitive capitalism was superceded by the era of monopoly capitalism at the beginning of this century: ". . . the beginning of the twentieth century marks the turning point, not only in the growth of monopolies (cartels, syndicates, trusts), . . . but also in the growth of finance capital."[18] Because of its colonial past, the Alberta region never had a period when capitalist competition was predominant over monopoly; however, the impact of imperialism in Alberta was enormous, further extending and consolidating the domination by monopoly capital. This qualitative change in Alberta development is evident during the first decade of the century, and was reflected in a wave of change in railways, mining, irrigation, financial expansion, the 'wheat boom', etc.. Chapters 7 and 8 will treat the key features of this transformation.

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[18] V.I. Lenin, "Imperialism", p. 259. See also p. 202, and the Appendix of this thesis.

Monopoly capitalism--imperialism--has itself undergone several major changes since the beginning of the century. The first of these major changes was the emergence of state-monopoly capitalism in conjunction with the First World War (1914-1918) and the October Revolution in Russia (1917). Again, as a result of Canada's colonial history and its special relation to rival U.S. capital, the role of the Canadian state was somewhat more prominent than in countries of a relatively higher level of development. Nonetheless, a qualitative advance in the state role and the formation of state-monopoly capitalism took place during the First World War in response to the outbreak of the general crisis. This transformation was felt stongly in Alberta, although the federal state structure of Canada complicates viewing of the picture. The new stage in capitalist development was reflected in a wide range of areas in provincial and federal components of the state, such as railways, war manufacturing, labour policy, policing, grain marketing, etc.. Chapter 10 will treat the key features of this and the later phases of monopoly capitalism.

The second stage of the general crisis of capitalism occurred as a result of the Second World War (1939-1945). The defeat of fascism, which itself was an outgrowth of the ongoing crisis of capitalism since World War I , especially the 'Great Depression', saw the increased organization and power of the labour movement, the weakening of the colonial system, and the expansion of socialism. Earlier, out of the First World War, a new balance of international forces had emerged in which the U.S. was replacing Britain as the most powerful capitalist state in the world, a position confirmed during the Second World War. In Canada during the interwar years, the U.S. replaced Britain as the leading imperialist power, a shift which also appeared in Alberta. However, it was in the 1940s, particularly in the later 1940s, when the Cold War reaction to the advances of anti-capitalist forces was unleashed, that the role of U.S. imperialism in Canada increased most sharply. In Alberta, this was especially apparent in natural resource development. Thus, one primary feature in the transformation of state-monopoly capitalism in Alberta, which reflected the response of Canadian and U.S. capital to the second stage of the general crisis, was a sharpening 'continentalism', that is, an intensification of processes leading to Canadian-U.S. integration. Underlying this and the other stages of general crises has been the intensification of class antagonism between labour and capital which, as will be considered later, is reflected in such indicators as a major growth in the strike movement.

The third stage of the general crisis began in the middle and late 1950s. Unlike the previous stages, the third stage did not grow out of world war but, like the other stages, there was an exacerbation of internal contradictions in the capitalist mode.[19] The growth of the twin problems of inflation and unemployment, the rise of national liberation movements, such as in Vietnam and Cuba, and the break-up of the colonial system were some reflections of these contradictions. By the late 1960s, Canada and Alberta had been deeply affected by the transformed situation. Thus, for example, the Canadian state imposed its first-ever peacetime wage controls between 1975 and 1978. Of particular importance to Alberta was the changed balance of international relations emerging in the 1960s, which turned the terms of trade for several primary commodities, notably oil, to the advantage of many 'less developed' countries, and indirectly brought about a major wealth transfer into the Alberta region.

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[19] A brief, although somewhat sketchy, discussion of the essence and stages of the general crises of capitalism is available in G.A. Kozlov (general ed.), Political Economy, Chapter 13.

We presently remain in this third stage of the general crisis, which has intensified even more sharply in the last few years. It is likely a new stage will be apparent before long.

Chapter Six

The Beginnings of Capitalist Development in Alberta and the Western Interior

> I say that we have been patient a long time, and when we say that, mild words only serve as covers for great ones to do wrong, it is time when we were justified in saying that robbery is robbery everywhere, and the guilty ones are bound by the force of public opinion to take notice of it.
>
> Louis Riel (1885)

Two Paths

As has been treated in greater depth elsewhere[1], there were two primary paths of transition from feudalism to capitalism. In the first, more 'revolutionay' path, the independent small producer (independent artisan, small guildmaster, peasant proprietor, etc.) gradually expands production for the market and grows increasingly dependent on wage-labour, thus becoming a capitalist. In the second, the merchant enters directly into the control of existing forms of production and becomes a merchant-manufacturer or capitalist.

The particular history of the capitalist mode in the western interior reveals the existence of both paths in the genesis of capital accumulation, although they are modified by the colonial circumstances of development and lagged in their historical appearance. In order to identify the paths while taking into account the colonial or alien character of earlier capitalist development, it is necessary to distinguish between those capitals being accumulated outside the 'hinterland' region whose operations are extended into the 'hinterland' region, and those capitals being accumulated inside the hinterland region whose operations are inside the hinterland region. The paths of development of the 'outside' capitals have often been intertwined with the paths of regional capitals, but the former has played the more powerful determining role. The second path is most evident in the history of the fur trade and the Hudson's Bay Company, and accounts in part for the low level and dependent character of productive development in the western interior.

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[1] See the Appendix, and K. Marx, Capital, Vol. III, Chapter XX.

Merchant Capital and the Hudson's Bay Company

After many years of intense struggle, it became evident that the H.B.C.'s powerful financial position, shorter and superior transportation system, and direct access to English manufactures and markets were sustaining it against the overextended North West Company. A merger was forced on the N.W.C., which was consummated in 1821. Thereafter, until 1870, the H.B.C. enjoyed a virtual monopoly on commerce in the western interior. Increased challenges came from independent "free traders", particularly after the 1840s,[2] but this did little to alter the H.B.C.'s effective dominance. By the 1860s a tolerant coexistence had developed to the extent that independent merchants traded regularly within short distances of H.B.C. ports such as Fort Edmonton. However, in southern

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[2] See, for example, R.C. Macleod, "The Problem of Law and Order in the Canadian West", in L.G. Thomas (general ed.), The Prairie West to 1905: A Canadian Sourcebook, Toronto: University of Toronto Press, 1975, p. 134; Irene M. Spry, "The Transition from a Nomadic to a Settled Economy in Western Canada, 1856-96", Royal Society of Canada, Transactions, Vol. VI, Series IV, June 1968, Section II, pp. 187-188.

Alberta, a more substantial rival, the American I.G. Baker Company had advanced by the 1870s from its base in Montana (and continued as the principal merchant rival of the H.B.C. in Alberta until the H.B.C. purchased its posts in 1892).

In defending and consolidating its monopoly trading position, the H.B.C. was following out the historical 'logic' of the chartered trading monopolies, which were a primary feature of European mercantilism.[3] The chartered trading monopolies can be traced from local guild monopolies as early as the 13th century to the regulated trading companies of the 16th and 17th centuries (such as the Moscovy Company (1555), the Kathai Company (1576), the Levant Company (1592) and the Newfoundland Company (1610)), to the more advanced joint-stock companies of the 17th and succeeding centuries (such as the East India Company (1600), the Royal African Company (1672), and the Hudson's Bay Company (1670)).

Following the Industrial Revolution (1760-80) and the rising power of industrial capital and "laissez-faire" ideology (economic liberalism), the position of merchant capital and state-chartered trading monopolies began to decline. By the mid-18th century, all but two of the British chartered monopoly companies had wound up or declined in significance: the Hudson's Bay Company and the East India Company.[4] During the decades prior to the victory of "free trade" in the 1840s, there were some companies chartered "with limited objects", notably in Canada, the Canada Company (1826) and the British American Land Company (1834). Also, with the rise of modern imperialism in the late 19th century, there was renewed interest in the use of chartered monopolies in certain colonial areas of Africa and Asia. However, the 1840s marked the end of the mercantilist era, and the ascendancy of industrial capital. During the succeeding two decades, the H.B.C.'s monopoly came under increasing attack, not only from within North America, but from rival capitalist interests in Britain itself.[5]

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[3] See, for example, Maurice Dobb, Studies in the Development of Capitalism, New York: International Publishers, 1973 (first edition, 1947), Chapters II-V; Sir Percival Griffiths, A Licence to Trade: The History of English Chartered Companies, London and Tonbridge: Ernest Benn, 1974, Introductory and Chapter 1.

[4] Sir Percival Griffiths, op. cit., p. 215.

The H.B.C. charter of May 2, 1670, was regarded "even in those days of lavish royal dispensations . . . as of an extremely liberal character".[6] The capitalistic "Adventurers" of the Company, chartered as "The Governor and Company of Adventurers of England trading into Hudsons Bay", were named for the adventuring of capital (and not necessarily themselves) in overseas trading and colonial functions. The English state (through Charles II) granted freehold the entire territory drained by the Hudson Bay, to be called "Rupert's Land", including fishing and mineral rights. The H.B.C. was to have "the sole trade and commerce" in the vast area, and could "make bye-laws, etc., for the good government of their forts, plantations, and factories, and may impose fines, etc., on offenders." Since the H.B.C. was, in principle, an extension of the Crown, the Company could "send ships of war, ammunition, etc., and may erect forts in their territories of non-Christian 'potentates', in effect, of the Native Peoples, as well as towns; may make peace and war with any Prince or people not Christian; also may make reprisals on any others interrupting or wronging them; may seize on or send home all such English or other subjects sailing into Hudson's Bay without their licence, etc.".[7]

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[5] John S. Galbraith, "The Hudson's Bay Company under Fire, 1847-1862", Canadian Historical Review, Vol. XX, No. 4, December 1949, pp. 322-335.

[6] George Cawston and A.H. Keane, The Early Chartered Companies, London: Edward Arnold (Publisher to the India Office), 1896, p. 157.

The H.B.C. was controlled by merchant capital out of London and revealed the general characteristics of merchant capital in the process of capital accumulation. Merchant capital, like all capital, was propelled by the driving force of private profit, but unlike productive (or industrial) capital, merchant capital obtained surplus value in the sphere of the circulation, essentially, by buying (or robbing) cheap and selling dear. By exploiting the differences between production prices of different commodities and economies, merchant capital was able to accumulate vast sums without necessarily contributing added value to commodities. In order to maintain its highly profitable control of price differentials and eliminate the threat of price-cutting competition, merchant capital employed a variety of techniques designed to monopolize the supply of commodities it traded. These ranged from the gentlemanly exercise of "market power" and "comparative advantage" to militarily enforced monopoly unabashed cheating, stealing, and 'legalized' piracy, all at the expense primarily of Native producers and, to a lesser extent, of its own employees.

As merchant capital is dependent upon existing modes of production for the objects of its trade, merchant capital has been a "conservative" force in the development of productive systems. Marx observed that "wherever merchant's capital still predominates we find backward conditions" and suggested that "the independent development of merchant's capital is inversely proportional to the degree of development of capitalist production."[8] In contrast to merchant capital, with its tendency towards controlling and restricting supply to raise prices, industrial capital in its competitive stage tended to accumulate by creating its own markets through lower cost-prices and increased volumes in production.[9] To achieve these latter competitive advantages, industrial capital was compelled continually to advance and even revolutionize productive processes by means of scientific-technological and organizational innovation, increases in the scale of production, and changes in the quantity and quality of labour.

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[7] Ibid., pp. 158-160.

Consequently, the advance of capitalism in Alberta was not tied directly to the advance of merchant capital in the fur trade; indeed, the internal development of capitalist production, which was subordinate if not incidental to the trade, was held back by merchant capital. Prior to the 1870s and 1880s, merchant capital in the person of the H.B.C. maintained a long-standing strategy against settlement and industrialization in the western Prairies because of the so-called "hostility of beaver and plow". The primary threat to the H.B.C. was not the ecological impact of settlement, but settlers as a potential source of competition. It is not surprising that the major driving force for capitalist development in the western interior came not from inside the H.B.C., nor from the Prairies itself, but from the outside; principally, from industrial and banking interests centered in Montreal, Toronto, and London, England.

Pressures for westward expansion had been rising during the 1850s, but a key event was the takeover in the 1860s of the property and charter of the H.B.C. by industrial-banking interests. Leading this move was

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[8] Karl Marx, Capital: A Critique of Political Economy, edited by F. Engels, London: Lawrence and Wishart, 1974 (first German edition, 1894), Vol. III, pp. 327, 328.

[9] See Appendix.

Edward B. Watkin, President of the London-based Grand Trunk Railway, and a noted proponent of the building of a transcontinental railway. He was assisted in the takeover, executed formally in June, 1863, by the firm of Thomas Baring and George Glyn, London bankers to the Grand Trunk and Canadian colonial government.[10] The takeover accomplished two objectives. Firstly, the H.B.C. was put under the ultimate control of interests who favoured colonial federation and westward capitalist expansion. Secondly, the takeover strengthened British imperial interests by counteracting the drift towards U.S. annexation of the North-West, particularly the Red River settlement, and of British Columbia. The next major change to the "old" H.B.C. came in 1869 and 1870 when the Company's monopoly charter was transferred to the new Canadian state, through the Imperial government, for a cash payment of 300,000, plus one-twentieth of the land in each township in Rupert's Land, plus a substantial parcel of land surrounding each of the H.B.C.'s trading posts.

An almost immediate resistance against the Canadian annexation erupted in the Red River Rebellion of 1869-70, a resistance which was reflected in various forms in succeeding years,[11] but most decisively in the North-West Rebellion. The resistance of the Metis people to the establishing of a white settler state in the western interior became one part of the long history of power relations and struggle of the Native People with European expansion. However, the character of the struggle and the nature of politico -economic relations were qualitatively different during the era of mercantilist trade than those which emerged after the arrival of industrial capitalist power. Although the fur trade eroded the hunting and gathering form of production of the Native population, merchant capital did not stand in a directly antagonistic relation to it, as did capitalist production. As intermediary, merchant capital relied upon the pre-existing mode of production to provide the fur product for its trade.

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[10] For a brief account of the takeover effect, see W.T. Easterbrook, and H.G.J. Aitken, Canadian Economic History, pp. 345-346; G. deT. Glazebrook, "A Letter on the West by Sir Edmund Head", Canadian Historical Review, Vol. XXI, No. 1, March 1940, pp. 56-59; and Glyndwr Williams, Highlights of the First 200 Years of the Hudson's Bay Company, Winnipeg: Peguis Publishers, 1976, Chapter X. For some material on other developments during the period, see W.L. Morton, The West and Confederation, 1857-1871, Historical Booklet No.9, Ottawa: Canadian Historical Association, 1968.

[11] See, for example, G.F.G. Stanley, "The Half-Breed 'Rising' of 1875", Canadian Historical Review, Vol. XVII, No. 4, December 1936, pp. 399-412.

> The fur trade bridged the gap between the aristocratic consumers of high-priced luxury articles of fashion in the densely populated centres of the nations of Europe and primitive peoples collecting the raw material over vast areas during the winter season for concentration during the summer season at points to be exchanged for European goods.[12]

In the course of fur trade development, certain functions, particularly in transportation, were taken over directly by the H.B.C., but one must emphasize that the labour of Native producers remained throughout the foundation upon which the entire trade was erected. That labour included the hunting, trapping, preparing, and carrying of furs and, as well, food. The amount of labour expanded in hunting and trapping varied considerably depending on a multiplicity of factors such as the form, distances, and conditions of transportation, the fertility of the area for fur-bearing animals, weather, and the experience of the hunter. The process of preparation, which was typically "woman's work", also varied in time expended but within more definable limits. "Skinning out" could take up to 30 minutes per pelt. Next, stretching required the building of a frame to act as stretcher and the lacing of the skin to the stretcher; this could take up to 45 minutes per fur. Then followed the defleshing (scraping), the storing, which needed some supervision, and carrying to the post for sale. The sum of these labours meant not only risk, especially in hunting, but required considerable experience and skill. Thus, the trading company was 'capitalizing' on labour capacity it did not possess and would have found difficult to introduce to Europeans, and was placing a considerable burden on the Native producer in cushioning the company from unpredicted natural or other occurrences. The introduction of the rifle and metal traps increased the number of pelts a hunter could provide in a given time; however, there is little to indicate that the standard of living of the producing population increased as a result. Although very little quantitative evidence presently exists, general observations seem to show that over the years of the fur trade, the portion of time devoted to labour for trade as opposed to labour for direct consumption grew substantially. In effect, Native producers became increasingly dependent on a form of simple commodity production.

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[12] H.A. Innis, "Forward", in Murray G. Lawson, Fur--A Study in English Mercantilism, 1700-1775, Toronto: University of Toronto Press, 1945, p. vii.

The drive towards monopoly in the fur trade was an essential aspect of the expansion of merchant capital. Rivalry between French and Canadian traders, the H.B.C. and the N.W.C., the N.W.C. and the breakaway XY Company[13], and the H.B.C. and the I.G. Baker Company[14], all ended in the formation of monopoly. And with monopoly came improved terms of trade against the Native population, greater power over employees engaged in fur trade operations, and higher profits.

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[13] A split in the N.W.C. led to the formation of a breakaway fur company, the XY Company, in 1799, which was followed by a period of fierce and often violent rivalry, then a reuniting with the N.W.C. in 1804. (See A.S. Morton, "The Place of the Red River Settlement", pp. 103-104; Marjorie W. Campbell, The North West Company, Toronto, Macmillan Company of Canada, 1973 (first edition, 1957), Chapters VI and VII.)

[14] As noted earlier, the I.G. Baker Company, based in Fort Benton, Montana, was a rival to the H.B.C. in southern Alberta, but was taken over by the H.B.C. in 1892.

There has been some scholarly debate over the quantitative impact of competition and monopoly in the trade, and more work needs to be done in this area. As the general impact of fur trade competition seems increasingly to be recognized, the Native population is receiving increased attention as an active participant in the development of the trade:

> While the fur trade was an aspect and an agent of the extension of metropolitan dominance, it was, at the same time, a socio-cultural complex in which Indians, mixed-bloods, and whites were intertwined. From this latter perspective new 'facts' and new questions emerge. From a socio-cultural context it is readily apparent that the fur trade was as much an Indian creation as it was European. It was the Indian who had the major say in determining what quantity and quality of goods would be traded. And it was the Indian who was the major determinant in assigning relative prices to European goods and western furs and provisions. Similar findings emerge as the drama of the fur trade unfolds. The Indian is no longer a largely inert environmental factor.[15]

While there is a positive aspect to this approach, it would be mistaken, in effect, to elevate 'consumer sovereignty' in the fur trade. The introduction of commodity production, dependency, racism, and the intense struggle for and against monopoly remain 'facts' of the trade, although most writers have been less inclined to cast light on the role of these elements in early capital accumulation.[16]

Arthur Ray has argued against the views of E.E. Rich which suggest that "there was no attempt on either side to raise prices in accordance with the laws of supply and demand", and that despite "some accepted adjustment according to the locality or the personalities involved", the H.B.C.'s 'standard of trade' was applied whether "furs were scarce or plentiful, and whether goods were in supply or not". Once a trade convention was established "there was no breaking it with safety".[17] Similarly, according to Abraham Rotstein, "competition did not typically take the form of price competition" but that "differences in the standard proved, in the dynamic and peculiar nature of the fur trade, to be of secondary importance to other forms of competition".[18] Without denying (although downplaying) that "politics was an integral part of the fur trade",[19] Ray shows that rivalry did have an impact on terms of trade with the Native population.

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[15] John E. Foster, "Rupert's Land and the Red River Settlement, 1820-70", in L.G. Thomas (general ed.), The Prairie West to 1905, p. 20.

[16] One notable exception has been Gustavus Myers, A History of Canadian Wealth .

The medium of exchange which emerged in the fur trade by the end of the 17th century was the 'made beaver' (MB). The MB was defined as equivalent to the value of "a prime whole beaver skin on the London market"[20] which, according to Innis, was valued at between one to two shillings.[21] The H.B.C. governor and committee established annually what were, in effect, price lists. MB values were assigned "to all European trade goods in what was known as the standard of trade and equated all of the Indians' fur and 'country produce' in terms of MB in the comparative standard."[22] Ray argues that while the standard of trade remained relatively stable over long periods of time, there was other evidence which indicated the existence of "price flexibility".[23] Ray's evidence suggests that rivalry --and monopoly--did play an important role in determining the terms of trade and would be a primary aspect of any analysis of exploitation in the fur trade.

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[17] Cited in Arthur J. Ray, "The Hudson's Bay Company fur trade in the eighteeenth century: a comparative economic study", in James R. Gibson (ed.), European Settlement and Development in North America: Essays on geographical change in honour and memory of Andrew Hill Clark, Toronto and Buffalo: University of Toronto Press, 1978, p. 120.

[18] Cited in ibid., p. 120.

[19] Ibid., p. 120.

[20] Ibid., pp. 116,118.

[21] See H.A. Innis, The Fur Trade, pp. 318-319.

Ray claims there were two pertinent areas of exchange that reflected competitive pressures. The first was the existence of de facto rates of exchange at the post or factor level, which deviated from the official standards. These took place in haggling over the discounts for variations in the quality of furs brought to the posts and, by the late 17th century, bargaining over the rates at which certain trade goods would be exchanged:

> In the case of discrete items like kettles and guns the factors simply demanded more furs than the standard of trade specified. In the case of items that were measured at the time of trade like cloth, powder, tobacco, or brandy more subtle means were used to advance prices. In these instances short measures were given, scales were surreptiously weighted, or water was added prior to exchange, as became customary when dispensing brandy. An examination of Andrew Graham's observations [1767-1791] suggests that almost 65 per cent of the gain that was made by unofficially advancing trade good prices came from items that had to be measured at the time of trade.[24]

The degree of increase in prices obtained as a result of these practices can be measured by analysing the role of the 'overplus' in trade, where the "overplus represented the portion of the fur returns (valued in MB) that had been obtained by applying the factors' standard."[25] Ray concludes that the 18th century competitive conditions he studied, particularly at York Factory, "clearly influenced the amount of overplus gained in the trade".[26]

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[22] A.J. Ray, op. cit., p. 118.

[23] See also, A.J. Ray, Indians in the Fur Trade, pp. 53 ff.

[24] A.J. Ray, "The Canadian fur trade", p. 122.

The second area of exchange grew out of the traditional Indian pretrade gift-giving ceremony. Ray tries to show that as rivalry intensified gift-giving became an increasingly expensive practice, relative to expenditures for food and services rendered by the local Native population, which remained relatively stable.[27] He concludes that this was because the French and English competition "tried to outbill each other in the lavishness of their presents in order to materially demonstrate their greater friendship for the Indians."[28]

While there are a variety of essential questions left unanswered in Ray's approach, including the treatment of monopoly, consideration of London exchange in relation to post exchange, the problem of labour equivalents, the growth of commodity production and dependency, the role of technical change on costs, 'political' (and criminal) factors, etc., Ray does at least point to the importance of rivalry in the economics of the trade. The implications for later phases of the fur trade are even more evident. Ray himself suggests that the "cutthroat nature of competition that characterized the period from 1763 to 1821 led to a dizzying spiral in the relative value of the Indians' furs that far outpaced their demand for most durable goods."[29] The result of sharpened rivalry, according to Ray, was that "the abuse of alcohol was probably inevitable", and that "Only strong monopolistic control by one of the European groups could have prevented it, given the absence of any powerful local government to regulate it."[30] Indeed, if as Ray implies, the inevitable, 'logical', result of rivalry is the "abuse of alcohol", which is but a mild if not misleading designation for some of several notorious and systematic practices against the Native producers, then the predatory character of the trade is revealed. The "abuse" or, perhaps, 'use' of alcohol and other techniques, were the exercise of socio-economic power 'by other means': in effect, they were an essential, not accidental, part of the trade, albeit ones that might have appeared more prominently in times of intensified rivalry. What Ray's conclusion also points to indirectly is the essentially exploitive and oppressive character of capital in the fur trade: when its monopoly hold on the extraction of surplus was threatened, the resort of capital was to deception, robbery, intimidation, brute violence, and other open predations.

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[25] Ibid., p. 123.

[26] Ibid., p. 123.

[27] Ibid., p. 128.

[28] Ibid., p. 128.

The advantage to capital of monopoly was reflected in the profits of the fur trading companies. For example, Innis points out the tendency of the N.W.C.'s returns to decline after 1804, during the period of intense rivalry with the H.B.C..[31] On the other hand, after the H.B.C. monopoly amalgamation in 1821, profits increased, though with some fluctuations, and geographic data from certain periods shows that "Profits from non-competitive departments offset losses in competitive areas."[32]

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[29] Ibid., p. 134.

[30] Ibid., p. 135. Ray does not make it clear as to whose abuse he is referring.

[31] H.A. Innis, The Fur Trade, pp. 258-259.

While the fur trade generally held back the development of capitalist production and while the main force for capitalist expansion came from outside the fur trade, the roots of certain elements of capitalist development were partly located in fur trade. Firstly, one prerequisite of capitalist development, the advent of markets and commodity production was a consequence of the fur trade. With the fur trade one sees the rise of limited markets and the beginnings of permanent settlement geared to these markets. By the 1870s, several trading centres had been implanted in strategic transportation areas, mainly in central and northern areas of the Alberta region, including posts in the vicinities of present-day Edmonton, Fort Assiniboine, Fort Chipewyan, Fort McMurray, Fort Vermilion, Jasper, Lac La Biche, and Rocky Mountain House. The development of these centres had major effects on later settlement patterns; significantly, some of the earliest 'settlers' were former employees of the H.B.C..

During the early years of the trade, the production of furs, some provisioning, and freighting was occasional and incidental to the natural economy of the Native population. But as trade increased, including the introduction of new techniques, so did Native production become geared increasingly to production for the trade. The process was accelerated by the existence of a medium of exchange, the MB, since the late 17th century. The growth of commodity production in the hunting and preparation of furs and some provisions took place among relatively scattered and independent groups of Native people, and not with wage-labour. As such, this was not capitalist commodity production (nor even an advanced simply commodity production) but part of its prelude.

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[32] Ibid., p. 336. See also p. 337.

Secondly, the trading firms, particularly the H.B.C., contained elements of capitalist production, although owned and controlled by merchant capital and subordinated to the fur trade. The H.B.C.'s policy of "self-sufficiency",[33] which strengthened its economic and military position against the Native population and rivals, as well as gave it greater control over its own employees, required the development of some productive capacity under its direct control. The capitalist forms of production within the H.B.C. are notable for they were the first instances of the capitalist mode of production in Alberta. They were of two types, the first in transportation and the second in small-scale production in and near the posts.

From the earliest days of the canoe, water transportation advanced more rapidly in its techniques, organization, and capitalization than most productive activities associated with the fur trade. The emergence of the York boat, in its construction, operation, and ownership, indicated a concentration of capital and labour significantly beyond that existing previously: "Dependence on the York boat rather than the canoe was symbolic of the increasing importance of capitalism."[34] The movement of commodities is viewed here as an area of productive activity, as distinct from trading activity. Industrial capital, in its general sense, includes the materially productive sectors of economic activity, roughly, manufacturing, extractive industry, transport and agriculture (including ranching). In this context, capital in transport is a part of the productive process, in this case, of furs, but in the sphere of circulation, which was controlled principally by H.B.C. merchant interests.[35]

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[33] For further discussion, see ibid., pp. 299-304.

[34] Ibid., p. 387.

The small-scale production centred at posts also reflected early capitalist development. This was not capitalist development at the "factory" stage, nor at the "manufactory" stage; rather it was industrial development at an early level of the first stage--capitalist simple cooperation. This stage was more evident in, say, transportation with the York, than in activities at the post. Nonetheless, wage-labour and capital were clearly separated, and the process of wage-labouring took place at a common work site controlled by the capitalist. Unlike higher stages of industrial development, the labour tasks performed were not in a serial or heterogeneous process with a specialized division of labour for each commodity, which was typical of manufactory production. Of course, neither was there the large-scale machine production of the factory stage. The production which did occur tended to be handicraft-related. It included boat-building, baking, forging and blacksmithing, and construction. Small furnaces, forges, utensils, and iron works were made, but basic tools, which included a wide variety of saws, files, knives, axes, squares, molds, anvils, and awls used by the workers, were generally imported.[36] There were also limited efforts at agricultural production, for which seeds, farming utensils, and some cattle were imported into Alberta.[37]

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[35] This present analysis leads to treating later railway development as an aspect of the development of industrial capital and the emergence of a non-mercantile bourgeoisie in Canada, in contrast, for example, to the position taken prominently in Tom Naylor, The History of Canadian Business, Toronto: James Lorimer and Company, 1975, 2 vols.. Two of the earliest written criticisms of Naylor's position were contained in Steve McBride, "Getting Naylor Straight", Canadian Dimension, Vol. 10, No. 2, June 1974, pp. 2, 55-56; and Stanley B. Ryerson's review "Who's Looking After Business", This Magazine, Vol. 10, No. 5 and 6, November-December 1976, pp. 41-46.

[36] See "indent" forms for Fort Edmonton, City of Edmonton, Department of Parks and Recreation, Fort Edmonton Park.

In general, the above productive activities of the H.B.C. were carried out directly for the internal use of the H.B.C. and not for exchange. Even when in 1871 the H.B.C. developed the first steamboat transportation on the Saskatchewan, only the Company's merchandise was carried. This lasted until 1880, when the steamboats were opened up for all traders into a general transportation business; however, the business was sold to Winnipeg interests not long after.

The third source of capitalist development in Alberta was in the emergence and growth of wage-labour. The existence of a class of persons, generally propertyless, who must out of necessity sell their labour-power for a wage is a prerequisite of the capitalist mode. By itself, this is not a sufficient condition for capitalism, since under capitalism, productive property, the means of production, are under predominantly private ownership by a class of persons, capitalists, who are separated from wage-labour in that they are owners, buyers of labour-power, and derive their incomes from private profit-taking. Clearly, this was not the case in the natural economy or in the commodity production of the Native Peoples whose fur production did not involve the use of wage-labour, and where the main means of production (the land, including its resources) were largely controlled and used directly by Native producers.

According to the testimony of Sir George Simpson before the English Parliamentary Select Committee on the Hudson's Bay Company in 1857,[38] the

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[37] The first cattle appeared in Alberta about the 1830s but cattle raising as an activity did not progress until much later, in the 1870s and 1880s.

[38] See John E. Foster, op. cit., pp. 32-34; H.A. Innis, The Fur Trade, pp. 310-311; John W. Chalmers, "Social Stratification in the Fur Trade", Alberta Historical Review, Vol. 17, No. 1, Winter 1969, pp. 10-20.

H.B.C. had about 1,200 permanent "servants" who were wage-earners. In addition, there were temporary employees sufficient for manning 150 Company boats and for related trading tasks. This totalled about 3,000, including Indian labourers, during the trading season. Despite H.B.C. claims about the "liberal" character of the wages, which in the late 1850s varied from about £20 to £40 per year,[39] most employees were in debt to the Company and disputes between the Company and its employees did arise. By comparison, the average annual return on the share of a "wintering partner" between 1821 to 1872 was estimated to be about £360.[40]

The British class structure, which reflected a developing capitalism with vestigial feudal hangovers, was replicated in Canada with certain adaptations to the colonial context. The basic class distinction was between "the gentlemen" and "the people", the former being Chief Factors and Chief Traders; however, in the history of the H.B.C. this feudalistic distinction had an increasingly capitalist context. Simpson's testimony in 1857 claimed that the H.B.C. in Canada had 16 chief factors, who were the principal officers and members of the H.B.C.'s council, and 29 chief traders. These men were shareholders ("wintering partners"), not employees. The chief factors and traders were also known as "bourgeois"[41]; the "bourgeois" in Canada were usually not of the aristocracy, although the latter class was a base for recruitment, especially in earlier years.[42]

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[39] For more on wages and related see H.A. Innis, The Fur Trade, pp. 310-313.

[40] Ibid., p. 337.

[41] See, for example, L.R. Masson, Les Bourgeois de la Compagne du Nord-Ouest: recits de voyages, lettres et rapports inedits relatifs au Nord-Ouest Canadien, Quebec: A. Cote, 1889-1890.

The "people" were the employees or wage and salary earners of the Company. At the top level were the lower officers, which included 5 surgeons, 87 clerks, and 67 postmasters. Below them were the "labouring men", the voyageurs, skilled craftsmen ("mechanics"), labourers, and apprentices. The workers imported from Scotland and England were generally engaged by five-year renewable contracts; this status as "engagés" or endentured servants, made them less free than the "free labour" typical of the capitalist labour market. However, the labouring people of the fur trade, who included a mix of Scots and Métis (the largest two groups), Indians, Canadiens, and Englishmen, were actually the forerunners of the proletariat on the Prairies.[43]

As an example of the above structure at the level of the post, the H.B.C. post at Edmonton in 1858,[44] had a "winter" establishment which listed the following as "officers": the chief factor, 1 postmaster, and 2 clerks. Listed as "servants" were: 13 midmen (of whom one had "deserted"), 6 bowsmen, 1 ~~bowsman~~/labourer, 5 steersmen, 2 interpreters, 1 acting officer's servant, 1 steward and cooper, or approximately 30 men. In addition, there were listed about 23 women, 5 children over 12 years, and 59 children under 12 years.

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[42] For example, Edward Ellice's testimony to the Parliamentary Select Committee noted "I took great care in former times to send out the best men we could find, principally from the north of Scotland, sons of country gentlemen, clergymen, and of farmers, who had been educated in the schools and colleges of Scotland. . . ." (J.E. Foster, op. cit., pp. 34-35.)

[43] For further discussion of some of the labouring elements that later became part of the modern working class, see Jurgen Kuczynski, The Rise of the Working Class, London: Weidenfeld and Nicolson, 1967, especially Chapter 1.

[44] See "winter establishment" forms for Fort Edmonton, City of Edmonton, Department of Parks and Recreation, Fort Edmonton Park.

So although the fur trade, primarily the H.B.C., held back the development of capitalist production,

the introduction of commodity production, the advance of transportation and communications, the beginnings of wage-labour and capitalist simple co-operation in production, the rise of exchange and permanent centres for trade, provided a basis for future capitalist development. The accumulation of capital in the fur trade, which relied on the exploitation of the Native producers (and freighters), primarily, and on the European, Canadien, and Native wage-labourers, secondarily, speeded the growth of capitalist institutions in Canada. However, this latter point should not be exaggerated since a large portion of the accumulated wealth ended in England, while of the remainder, most ended outside Alberta in Montreal and, to a much lesser degree, Winnipeg. All three types of exploitation characterized in Chapter 4 were present in this transitional period of development in the western interior. Through various prohibitions against private trade and property in the Alberta region[45], the H.B.C. suppressed indigenous capital accumulation at the same time as transferring wealth out of the region. The classic pattern of "regional disparity" emerged:

> The law that the independent development of merchant's capital is inversely proportional to the degree of development of capitalist production is particularly evident in the history of the carrying trade, as among the Venetians, Genoese, Dutch, etc., where the principal gains were not thus made by exporting domestic products, but by promoting the exchange of products of commercially and otherwise economically undeveloped societies and by exploiting both producing countries. Here, merchant's capital is in its purest form, separated from the extremes--the spheres of production between which it mediates. This is the main source of its development. But this monopoly on the carrying trade disintegrates, and with

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[45] See, for example, H.A. Innis, The Fur Trade, p. 313.

> it this trade itself, proportionately to the economic development of the peoples, whom it exploits at both ends of its course, and whose lack of development was the basis of its existence.[46]

One Colonialism for Another - Internal Colonization and the National Policy

The annexation of the western interior by the new Canadian state replaced one colonialism with another colonialism. From a trading colony monopolized by British merchant capital, the western interior became a settlement colony dominated by central Canadian industrial and banking interests who were closely allied with British industrial and banking interests. As mentioned previously, the most powerful grouping within this emerging Anglo-Canadian business class was centred in Montreal and had strong ties with English capital. As well, there was a second but weaker grouping centred in the Toronto Hamilton area, which had some ties with U.S. capital.[47] Maritime business interests were generally weaker and more divided on the question of colonial unification into Canada.

Most of the key political leaders in the Canadian government during the 1850s and 1860s, including the so-called "Fathers of Confederation" themselves, were members of the new Anglo-Canadian business class; a few came from the top section of the subordinate Franco-Canadien business class. There were, for example, leading figures of the "Great Coalition" (of 1864),[48] around which congealed the dominant politico-economic interests in the North American colonies for the formulation of the Confederation arrangements: Macdonald, Galt, Brown and Cartier.

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[46] K. Marx, Capital, Vol. III, pp. 328-329. For another type of discussion on merchant's versus industrial capital see L.R. Macdonald, "Merchants against Industry: An Idea and Its Origins", Canadian Historical Review, Vol. 56, No. 3, September 1975, pp. 263-281.

[47] See Stanley B. Ryerson, Unequal Union, p. 277. For a discussion of Toronto-Montreal rivalry see D.C. Masters, "Toronto versus Montreal: The Struggle for Financial Hegemony, 1860-1875", Canadian Historical Review, Vol. 22, No. 2, June 1941, pp. 133-146.

John A. Macdonald, the Conservative Party leader and a lawyer, had been involved in establishing the Kingston Fire and Marine Insurance Company (1850), was the solicitor and a director of the Commercial Bank of the Midland District, and did some land speculation. His scandal-ridden relations with Canadian Pacific Railway interests, epitomized in the "Pacific Scandal", revealed one of many connections with the wealthiest interests in Canada of the time. For instance, George Stephen, President of the Bank of Montreal, was a close friend of Macdonald and contributed one million dollars to Macdonald's campaigns. Closely allied with Macdonald, and also tied with business interests in Montreal and England, was Alexander T. Galt. As the chief Canadian agent of the British American Land Company, an English chartered monopoly in Lower Canada (Quebec), Galt had written, "I consider the interests of the Company and of the country to be identical." Later, as a Minister of Finance, Galt was instrumental in establishing the protective tariffs of 1859, which were of substantial benefit to railway and some manufacturing interests. Galt had personal interests in the St. Lawrence and Atlantic Railway, the Eastern Township Bank, the Grand Trunk Railway, the Bank of Montreal, and later, with the help of generous coal and timber leases from his Conservative government, organized the North-Western Coal and Navigation Company in southern Alberta.

Representing the French Canadian bourgoisie was Georges-Etienne

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[48] See S. Ryerson, Unequal Union, Chapters 18 and 19; Paul G. Cornell, The Great Coalition, Historical Booklet No. 19, Ottawa, Canadian Historical Association, 1966.

Cartier, who had interests in the Bank of Montreal, and the Grand Trunk Railway, where he was chief solicitor. The aristocratic Cartier also acted for the Catholic Church in Quebec, and was the leader of the "Blues", a party known for strong opposition to its more democratic and nationalist rivals, the "Rouges".

The weaker Toronto-Hamilton grouping of industrial and commercial interests, with some rural support, had George Brown, a "Reformer" and the Clear Grit leader. Brown was proprietor of the Globe Printing Company and publisher of the Toronto Globe. During the 1870s, he achieved notoriety for his opposition to labour's "nine hour movement" and for his bitter fight against the printers' union in one of the most important strikes (1872) of the decade.[49]

In the main, the most powerful sections of Canadian business, the Montreal-based banks, railways, and growing manufacturers, pursued their interests through the Conservative Party, while the weaker Toronto-based grouping supported the Liberal Party. For nearly 30 years--until 1896--the Conservatives controlled the Canadian state, but for a small change under the Liberals of Alexander Mackenzie (1873-1878). The growth of various business organizations, such as the rise of municipal Boards of Trade and the Dominion Board of Trade (1871), consolidated the position of Canadian business in the Canadian government, although sectional differences within Canadian business also found expression. Manufacturing interests, for example, exercised pressure at times at variance with powerful banking and railway interests through a series of short-lived manufacturers organizations (1858, 1866, and 1875) which eventually became the Canadian Manufacturers' Association (1887).

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[49] See Charles Lipton, The Trade Union Movement of Canada, 1827-1959, Chapter 2.

Succeeding Canadian governments reflected the overwhelming presence of vested business interests. As Gustavus Myers described a typical post-Confederation parliament:

> Politics was, in fact, a business; the Canadian parliament was crowded with men who were there to initiate, extend or conserve class interests; of the 206 members of the Dominion House of Commons, in 1878, there were 56 merchants, 55 lawyers, 12 gentlemen of leisure, and an assortment of manufacturers, insurance company presidents, shipbuilding and lumber capitalists, contractors, and a few journalists, physicians, and farmers.[50]

The economic policy formulated as a clear expression of these interests was the "National Policy". The term came from the Conservative Party's election platform of 1878, but it first appeared as early as 1869 and had limited use in the campaign of 1872. The National Policy has been associated most prominently with the raising of tariffs in 1879; however, as a state program of "national" development its conception was much broader:

> . . . by 1879, the year in which the National Policy was formulated, the parts of a more or less complete pattern had fallen into place: a transcontinental railway, protective tariffs, land settlement policy, the promotion of immigration. Agricultural development of the west was basic to the whole programme, and wheat was to become the staple to which the transcontinental economy was geared, the means of attracting capital and immigrants and of creating a mass market for the materials and manufactured products of the other regions of the Dominion.[51]

The National Policy was an aggressive extension of key aspects of the Confederation arrangements. In the Confederation arrangements a Canadian home market was to be created by the formation of a common market in the formerly separated colonies, and by the building of the Intercolonial Railway linking the Maritimes to central Canada.[52] However, to solidify the tenuous Pacific and Maritimes connections, to fend off the heightened expansionism of U.S. capital after the American Civil War (1861-65), and to spur business activity out of a serious depression (which began in 1873 and was reaching bottom by 1879), more aggressive state measures were implemented. Thus, for the benefit of central Canadian capital, the 1879 National Policy tariff sharply increased protection against the products of rival U.S. capital, including in western Canada, thereby enlarging the home market under the control of central Canadian capital.

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[50] Gustavus Myers, A History of Canadian Wealth, pp. 265-266.

[51] W.T. Easterbrook and Hugh G.T. Aitken, Canadian Economic History, p. 383.

At the world level, major changes were taking place in the European imperial powers and their colonial empires. Sparked by events such as the Rebellions of 1837 in Lower and Upper Canada, the Imperial government was moving toward the policy of granting "responsible government" in its settlement colonies, which included those in North America (British Columbia, the Canadas, New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island and Vancouver Island), Australasia, and South Africa. In the 1840s, the final victory of England's industrial "free trade" forces ended the English mercantilist system. The Canadas won responsible government in 1848, a year marked by a major wave of revolutionary upsurges in Europe.

Despite significant changes in the colonial system, colonialism itself was continued and actually expanded, especially towards the end of the 19th century. Several authorities have observed that the most marked increase in colonial annexation began within the four decades following 1860.[53] The territorial annexation "on the periphery" was propelled generally by British and, to a lesser extent, European and U.S. capital, in conjunction with or even without the subordinate capitals in colonial or semi-colonial areas.[54] The trend was epitomized in the accelerated extension of railways. The accompanying settlement process led to the establishing of white settler states which were either independent of or subordinate to a central state, such as the prairie provinces of Canada, the provinces of the eastern Cape in South Africa, and the states of Victoria and Queensland in Australia.

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[52] See, in particular, Sections 121 and 145 of the British North America Act.

In the Canadian context, "westward expansion", which is more accurately characterized as "internal colonization", was tied together with the general expansion of British imperialism. The Confederation arrangements were worked out directly with the Colonial Office and approved in the Imperial parliament as part of British imperial strategy of the time. In particular, British ruling circles wished to curtail U.S. economic and territorial expansion in northern North America, notably the vulnerable North-West, to consolidate their military and investment position in Canada, to secure a major transportation and trade link with Asia, and to reduce their costs of colonial administration.

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[53] See, for example, C.A. Bodelson, Studies in Mid-Victorian Imperialism, New York: H. Fertig, 1968 (first edition, 1924); J.H. Rose, A.P. Newton, E.A. Benians (eds.), The Cambridge History of the British Empire, Cambridge: Cambridge University Press, 1929-1963, 8 vols.; James A. Williamson, A Short History of British Expansion, London: Macmillan, 1967 (first edition, 1922).

[54] Despite several dubious features in his analysis, D.K. Fieldhouse seems to recognize there were two general forms of expansion. The first was by direct colonial annexation. The second was indirect, by the expansion of former colonies or semi-dependent areas. The latter, "sub-imperialist" process occurred not only in Canada, but similarily in Australia, New Zealand, and South Africa. (D.K. Fieldhouse, The Colonial Empires: A Comparative Study from the Eighteenth Century, New York: Dell, 1966, pp. 178-180.)

Throughout the era of the National Policy, which set the framework for internal colonization, the Canadian capitalist class and state were financially bound and generally subordinate to British imperial interests. This subordinate relationship was exemplified in the compliance of the Canadian (and Alberta) government with the Imperial government in the South African ("Boer") War (1899-1902) and World War I (1914-18), and the fact that a "Department of External Affairs" was not even formally established as part of the Canadian state until 1909.[55] However, as capitalism in Canada advanced, so did Canada's relationship with the imperialist system change. The rapid accumulation of Canadian capital, a substantial portion of which was appropriated in the process of internal colonization, pushed Canada out of its partially dependent status. Indeed, by the 1920s, following the cataclysmic changes of World War I, Canada itself had emerged as an imperialist power of lower rank. Increasingly, sections of Canadian capital were competing internationally, notably in their investments in the U.S. and Latin America. By the beginning of the majority Liberal federal government of W.L. Mackenzie King in 1926, and conclusively by the close of World War II, the U.S. had come to take the place of Britain as the leading capitalist country in the world, and Canadian capitalism had shifted its strongest ties from Britain to the U.S..

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[55] The very naming of the province (1905) and the provisional district (1882) after Her Royal Highness Princess Louise Caroline Alberta, the fourth daughter of Queen Victoria and the wife of the Marquis of Lorne, Governor-General of Canada from 1870 to 1883, reflects the role of British imperialism in Alberta's past. Unfortunately, while the name can one day be changed, the carnage of these imperialist wars cannot be so easily undone.

The Process of Internal Colonization

The era of internal colonization began in the early 1870s, with the first efforts of the Canadian state to establish its presence in the North-West, and concluded with the achievement of provincial autonomy in 1905. However, certain aspects of the process continued much later, in particular, until 1930 when Dominion Lands were transferred to the province. The process itself had six essential features: establishing Canadian state power, removing and subjugating the Native population, major railway development, rapid European settlement, natural resource exploitation, and expanding markets for central Canadian business.

The first element of internal colonization, the establishing of Canadian state power and central authority, took until about 1885—the defeat of the North-West Rebellion and the completion of the Canadian Pacific Railway. Before 1870, various "free traders" had been attempting to break into the H.B.C. monopoly, but after the American Civil War, a more organized effort appeared in southern Alberta through the notorious whiskey trade with the Native population. A group of "whiskey posts" were opened, beginning with Fort Whoop Up (near Lethbridge) in 1869, and later Forts Spitzee, Slide Out, and Stand Off. The traders, particularly the large I.G. Baker Company, operated out of Fort Benton, Montana, and a few managed to trade as far north as the vicinity of Edmonton.[56] For several years the I.G. Baker Company had a contract with the Canadian government to supply the N.W.M.P.. The advance of the U.S.-based trade in the North-West confirmed the expansionist policy of leading U.S. circles--and the

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[56] For more material on the trade into southern Alberta from the U.S., see Paul F. Sharp, Whoop-Up Country: The Canadian-American West, 1865-1885, Minneapolis: University of Minnesota Press, 1955; Gerald L. Berry, "Alberta-Montana Relationships", M.A. thesis, University of Alberta, 1950.

"Manifest Destiny" theme--as did the purchase of Alaska (1867) and U.S. initiatives with Riel during the Red River Rebellion (1869-70).

The whiskey trade in its "wide open" fashion declined with the coming of the North-West Mounted Police (N.W.M.P.), but the U.S. business activity continued and expanded. By the time the C.P.R. construction reached Alberta in late 1882, a major trade divide had developed in the region. In the central and northern parts of Alberta, where Edmonton was the principal trading centre, goods supplied were mainly Canadian or British and carried along the Saskatchewan River. In the southern part of Alberta, goods were more often American and supplied by steamboat through the Missouri River system and overland from Montana. It has been estimated that between 1874 and 1883 roughly 35,000 tons of freight went to Canada from Fort Benton; the coming of the C.P.R. effectively brought an end to the trade.[57]

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[57] In correspondence dated April 18, 1979, from Joel F. Overholser, Editor of the River Press Publishing Company of Fort Benton. In another letter, dated May 12, 1979, Mr. Overholser wrote: "Without documentation, I would say that the first freighting into N.W.T. probably occurred the year of 1870 when John Healy and A.B. Hamilton rebuilt their burned trading post of the year 1869-70. This would have been limited to trading supplies, perhaps building and maintenance materials for a good sized post. At the time there were only a few wandering prospectors and the staffs of a number of fur posts, H B C and American. By 1873 there was a sizable return traffic in robes and peltries, which grew until the end of the buffalo. Files of the Benton Reward from 1875, and River Press from 1880 indicate the freighting operations continued to increase until the very end. Coming of the C P R ended it almost like shutting a door . . . Certainly, Fort Benton was in a sharp depression next year--a city map I have shows almost half the small business buildings (saloons, etc.) vacant in 1884." Mr. Overholser also commented: "There were Canadians, French or Scots chiefly, all over this area before the coming of the Mounted Police. I find about a third of Fort Benton 300 plus population originated in Canada. There undoubtedly were a few Canadians freighting independently. A grandson of Sam Livingstone, first settler of Calgary, writes me this year that his grandfather did some freighting for supplies out of Fort Benton. Hudson Bay sent a shipment of furs down here one year, as I recall, but didn't repeat the experiment. Metis and Red River carts were not uncommon customers at the Montana trading posts. D.W. Davis, a saloon keeper here in 1870, later manager of Fort Whoop-Up, U.S. born, was later member of parliament from Alberta, a reverse movement across the border."

Although administrative arrangements for territorial government were made shortly before the 1870 transfer of territory, the Canadian state, in a sense, marched west with the N.W.M.P.[58] The N.W.M.P. was formed in 1873 as a paramilitary force on the model of the Royal Irish Constabulary and British colonial experience in India. The leading officers tended to be graduates of the Royal Military College at Kingston, and the officers as a group "were almost invariably upper-class, well educated, and well connected in Eastern Canadian society and politics."[59] The first N.W.M.P. contingent of 300 entered Alberta in 1874 and established a series of police posts beginning at Fort Macleod (1874) then followed by Fort Saskatchewan (1875) and Fort Calgary (1875).

N.W.M.P. activities served to smooth and defend the colonization process, and to normalize private property relations. Their earliest operations focused on controlling the Native population and suppressing the U.S.-based whiskey trade. As the leading institution of the Canadian state in the Territories, the N.W.M.P. also functioned as postal, quarantine and customs officials, and patrolled the Canadian-U.S. border. N.W.M.P.

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[58] The North-West Mounted Police (N.W.M.P.), became the Royal North-West Mounted Police in 1904 and the Royal Canadian Mounted Police in 1920. A bibliographical article on this state police force is Henry C. Klassen, "The Mounties and the Historians", in H.A. Dempsey (ed.), Men in Scarlet, pp. 175-186. Some useful material on the extent and significance of the "police posts" in southern Alberta is presented in Colin Poole, "Indentification of Mounted Police Outposts in Southern Alberta", and Ian Getty, "The Role of Mounted Police Outposts in Southern Alberta", both of which are contained in H.A. Dempsey (ed.), op. cit., pp. 198-202 and pp. 187-197, respectively.

[59] R.C. Macleod, "Canadianizing the West: The North-West Mounted Police as Agents of the National Policy, 1873-1905" in Lewis H. Thomas, Essays in Western History, Edmonton: The University of Alberta Press, 1976, p. 106. Some useful material on the connections of the N.W.M.P. to the "cattle compact" in southern Alberta is contained in D.H. Breen, "The Mounted Police and the Ranching Frontier", in H.A. Dempsey (ed.), Men in Scarlet, pp. 115-139.

efforts in minimizing and defining crime and illegal behavior closely reflected changing patterns in socio-economic development. The problem of horse-stealing and rustling grew as the ranching industry emerged and overran Native lands and usurped Native hunting rights. In the 1880s, N.W.M.P. work was broadened to cover assisting the C.P.R. in controlling the approximately 4,000 workers building the railroad, including strike-breaking.

Organized in part as a reaction to the Red River Rebellion of 1869-70, "the Force" had as one of its enduring tasks the enforcing of Canadian state policy towards the Native Peoples. The N.W.M.P. was the primary instrument used in "pacifying", removing to reserves, and eventually subjugating the Native population. And, notably, the N.W.M.P. was active, together with an "expeditionary force" of Canadian militia, in putting down the North-West Rebellion. The 1885 Rebellion was the last major act of Native resistance against Anglo-Canadian colonialism in the 19th century. The defeat of the Rebellion changed the balance of politico-military forces on the prairies, and assured the supremacy of the Canadian state throughout the region.

The second element in the process of internal colonization was the removal of the Native population from developable lands, including "pacification" to achieve military security. Within a month of the official Canadian takeover on July 15, 1870, the Lieutenant-Governor of the North-West Territories was requested to report on "the course you may think the most advisable to pursue, whether by treaty or otherwise, for the removal of any obstructions that might be presented to the flow of population into the fertile lands that lie between Manitoba and the Rocky Mountains."[60]

The course chosen by the Canadian state was a reserve system established on the "legal" basis of treaties, which would lead to the "extinquishing" of Native title--and presence--on lands necessary for the Pacific railway and white settlement and agriculture. The first of the "numbered treaties", Treaties 1 and 2, were obtained in 1871 and covered land in southern Manitoba. Treaty 3 (1873) dealt with western Ontario and a south-eastern part of Manitoba. Treaty 4 (1874) surrendered southern Saskatchewan, and Treaty 5 (1875) surrendered central and western Manitoba. The next three treaties directly affected Alberta. First came Treaty 6 in 1876, which surrendered central Alberta (and most of central Saskatchewan); this included the strategic Edmonton area. Next, in 1877, came Treaty 7 which surrendered most of southern Alberta. Clearly, treaties followed from development pressures moving westward, particularly for the railway, farm land (Treaty 6) and ranching land (Treaty 7). Pressures for Treaty 8 came after 1896 when the Yukon gold rush brought hundreds of prospectors and mining companies through the Athabasca-Mackenzie district. The Treaty, obtained in 1899, dealt with northern Alberta to the southern shore of Great Slave Lake. With pressures from the discovery of oil at Fort Norman in 1920, area north of Treaty 8 was covered in 1921 under Treaty 11.

The "reserves" system instituted by the Canadian state was typical

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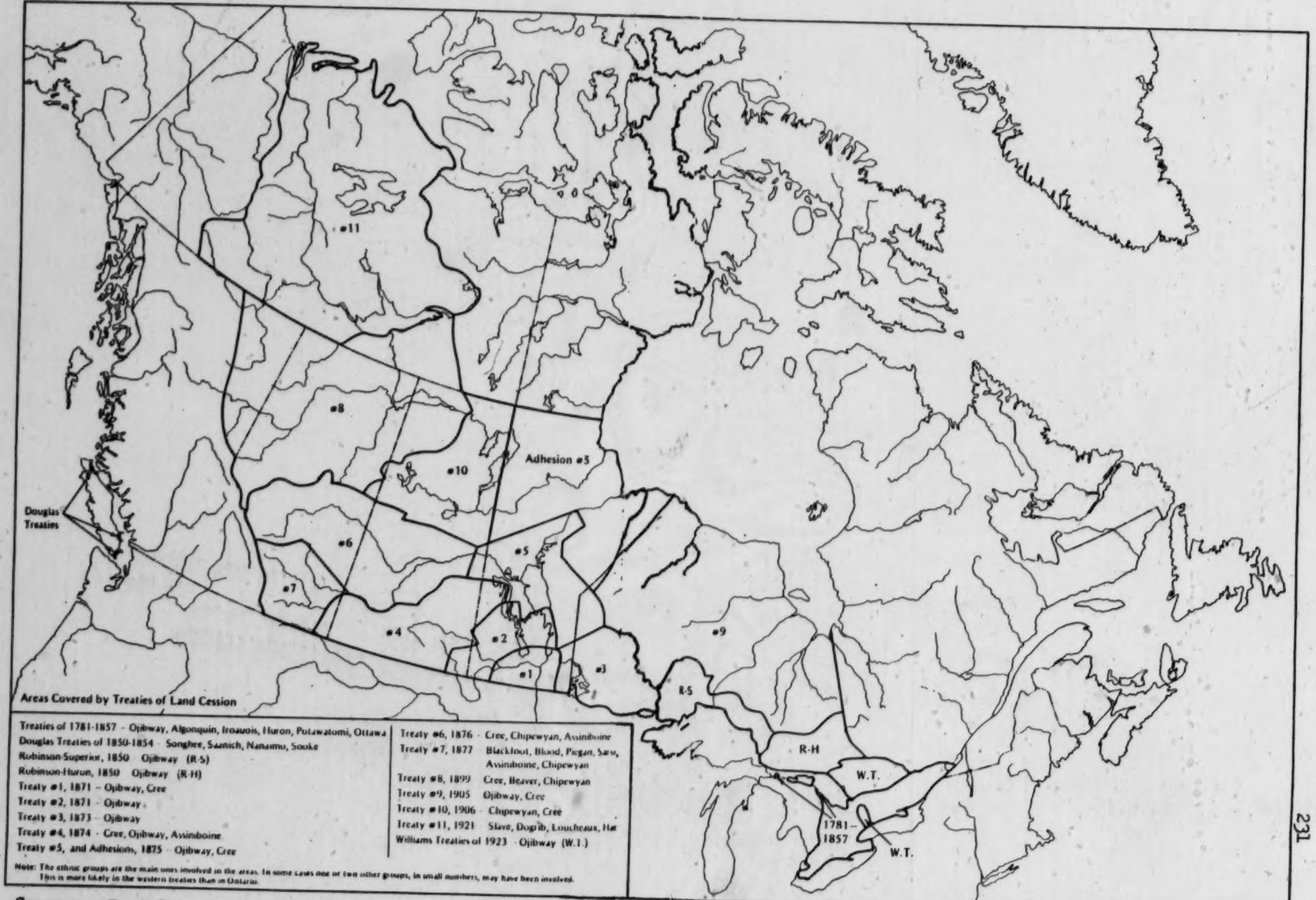
[60] Quoted in René Fumoleau, As Long as This Land Shall Last: A History of Treaty 8 and Treaty 11, 1870-1939, Toronto: McClelland and Stewart, n.d., p. 24. English and Canadian authorities already had considerable experience in the techniques of usurpation. Fumoleau notes that between 1781 and 1902 in Canada, 483 treaties, adhesions and land surrenders were obtained; of these, 123 treaties and land surrenders had been signed with eastern Native Peoples before 1867.


Douglas Treaties
#11
#8
#10
Adhesion #5
#6
#5
#7
#4
#2
#1
#3
#9
R-S
R-H
W.T.
1781–1857
W.T.
Areas Covered by Treaties of Land Cession
Treaties of 1781-1857 - Ojibway, Algonquin, Iroquois, Huron, Potawatomi, Ottawa
Douglas Treaties of 1850-1854 - Songhee, Saanich, Nanaimo, Sooke
Robinson-Superior, 1850 - Ojibway (R-S)
Robinson-Huron, 1850 - Ojibway (R-H)
Treaty #1, 1871 – Ojibway, Cree
Treaty #2, 1871 - Ojibway
Treaty #3, 1873 – Ojibway
Treaty #4, 1874 - Cree, Ojibway, Assiniboine
Treaty #5, and Adhesions, 1875 – Ojibway, Cree
Treaty #6, 1876 - Cree, Chipewyan, Assiniboine
Treaty #7, 1877 - Blackfoot, Blood, Piegan, Sarsi, Assiniboine, Chipewyan
Treaty #8, 1899 - Cree, Beaver, Chipewyan
Treaty #9, 1905 - Ojibway, Cree
Treaty #10, 1906 - Chipewyan, Cree
Treaty #11, 1921 - Slave, Dogrib, Loucheaux, Ha
Williams Treaties of 1923 - Ojibway (W.T.)
Note: The ethnic groups are the main ones involved in the areas. In some cases one or two other groups, in small numbers, may have been involved. This is more likely in the western treaties than in Ontario.

Source: E. Palmer Patterson II, The Canadian Indian: A History Since 1500, Don Mills: Collier Macmillan, 1972, pp. 192-193. For permission to use this map, acknowledgement is given to Collier Macmillan Canada Ltd., 1125B Leslie Street, of European colonialism, comparable, for example, to the reduccion and congregacion of Mexico, the Bantustans of southern Africa, the reservations of the U.S., or the reserves of Austrialia. The motivations underlying these institutions were "aboriginal removal, creation of labour pools, concentration for more efficient acculturation,"[61] if not the genocide of peoples who had lost their usefulness to merchant capital and were to be discarded. The decline of the fur trade, destruction of the buffalo herds, and the disruption of the natural economy had created further pressures on Natives towards retreat into transitional settlements[62] and reserves. Significantly, the reserve system was prevented from becoming a base for economic or political power. Economic development on reserves was curtailed and sabotaged by successive Indian Affairs Administrations, especially if it threatened white settler enterprises. Politically, the reserve population ("treaty Indians") was denied so much as Canadian citizenship and the right to vote (until the 1960s), unless treaty rights were foregone--the policy of "forced assimilation".

The onslaught of capitalist development brought about a fundamental change in relations between the Native and white settler populations. Marked by the passage in 1876 of the First Indian Act, the Indian population became, in effect, oppressed peoples. Fearful of their privileged position, the colonist "foreigners" generally supported state policy and practice towards the Native Peoples. Racist concepts necessary to legitimize the new social order--an implanted white settler society--permeated the white population, particularly the top levels of territorial society which were overwhelmingly Anglo-Saxon and the standard-bearers of Anglo-Canadian imperialist interests and ideology.

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[61] E. Palmer Patterson II, The Canadian Indian: A History Since 1500, Don Mills: Collier Macmillan, 1972, p. 17.

[62] For example, clergy-directed villages such as Lac La Biche (1854), St. Albert (1861), Victoria (near Pakan, 1862), St. Paul des Cris (1866) and St. Paul des Metis (1896). Interestingly, the early missionaries were once called by John A. Macdonald "the finest moral police force in the world". One of the better accounts of the general transition is Irene Spry, "The Great Transformation: The Disappearance of the Commons in Western Canada", in Richard Allen (ed.), Man and Nature on the Prairies, Canadian Plains Studies 6, Regina: Canadian Plains Research Centre, 1976, pp. 21-45.

The third element in the process of internal colonization was the building of a transportation and communication infrastructure based on a Canadian transcontinental railway to the Pacific. Leading the capitalist juggernaut into Alberta was the Canadian Pacific Railway (C.P.R.). In the 1870s, the Montreal-based Canadian Pacific syndicate defeated the London-based Grand Trunk in a rivalry to build the first transcontinental railway. The Canadian Pacific syndicate included George Stephen, President of the Bank of Montreal; Richard B. Angus, General Manager of the same Bank; James J. Hill, owner of a coal and lumber company in St. Paul, Minnesota; Donald S. Kennedy, a New York banker and the only American; Donald A. Smith, chief commissioner of the H.B.C.; Duncan McIntyre, manager of the Central Canada Railway; and two banking firms, Morton Rose and Company of New York and London, and Cohen, Reinach and Company of Paris and Frankfurt. Majority ownership and control rested in Canada, although substantial shareholdings existed in New York and European centers. In 1885, the syndicate resorted to bonded debt, which started the first large influx of British capital into the firm.

The presence among the C.P.R. syndicate of Smith, later "Lord Strathcona", reflected the shift in the focus of politico-economic power in the North-West towards central Canadian capital. The main momentum for capital accumulation passed from the H.B.C. to the C.P.R.. Smith, who became the single largest shareholder of the H.B.C. and its land commissioner (after 1874) reoriented the H.B.C. towards land dealing. By 1887, Smith captured stock control of the Bank of Montreal, then one of the largest banks in North America, and became its president for 27 years.

The building of the "Pacific Railway" was promoted by successive Canadian governments as virtually a matter of "national emergency" in their rivalry with U.S. interests. In 1870, the Prime Minister, Macdonald, expressed this major fear of leading Anglo-Canadian circles:

> "It is evident to me . . . that the United States Government are resolved to do all they can, short of war, to get possession of the western territory, and we must take immediate steps to counteract them. One of our first things to be done is to show unmistakeably our resolve to build the Pacific Railway."[63]

Furthermore, a transcontinental--"sea to sea"--railway had been promised to British Columbia within ten years of the colony's entry into Confederation on July 20, 1871.

Macdonald's approach to the Pacific Railway, was that it "must be taken up by a body of capitalists and not constructed by the government directly", but that "Canada can promise most liberal grants of land in alternative blocks and may, perhaps . . . induce Parliament to add a small pecuniary subsidy."[64] The initial state support lavished by the Conservative government under the 1881 contract included: $25 million cash; 25 million acres of land; over 709 miles of government-owned line completed under the Liberal government of Alexander Mackenzie for a cost of $38 million; tax exemption for 26 years for C.P.R. land and perpetually for the entire capital stock; and a "monopoly clause" prohibiting competition against the C.P.R. south of the main line to the U.S. border. As for the impact on the Territories, the Minister of Railways bluntly expressed the Cabinet view: "Are the interests of Manitoba and the North-West to be sacrificed to the interests of Canada? I say, if it is necessary, yes."[65]

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[63] Quoted in C.A. MacInnes, In the Shadow of the Rockies, London: Rivingtons, 1930, pp. 56-57.

[64] Quoted in Chester Martin, "Dominion Lands" Policy, p. 263. For more on the railway land grant system see also "Our 'Kingdom for a Horse': The Railway Land Grant System in Western Canada", Canadian Historical Association, Report, 1934, pp. 73-79.

The construction of the C.P.R. began in June, 1881. By the end of 1882, the track had reached the vicinity of Medicine Hat and in August, 1883, it arrived in Calgary. Among the hordes of speculators and promoters who closely followed the C.P.R.'s routing plans and construction were some who made their first "primitive" accumulations, establishing themselves as leading local businessmen.[66] The completion of the C.P.R. mainline was followed by the extension of "colonization railways". The first of the colonization lines, a narrow-gauge coal line belonging to Galt's North-Western Coal and Navigation Company, was completed from Dunmore to Lethbridge (105 miles) in 1885. This line together with a southern extension to the U.S. border at Coutts (1890) brought their owners 1.1 million acres of Dominion land grants. The second main colonization line, the C.P.R.-associated Calgary and Edmonton Railway, built a line from Calgary to Strathcona (South Edmonton) by 1891, and south to Macleod by 1892, a total distance of about 295 miles. In the process, a Dominion land grant of 1.9 million acres was obtained. In 1897, the C.P.R. began its Crow's Nest Pass line, from Lethbridge to Nelson in the mineral-rich Kootenay area of B.C.. The rapid expansion of the C.P.R. into this area was a response to U.S. rivalry, particularly from the Great Northern, and perhaps the first major signal in Alberta of the rise of modern imperialism.

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[65] C. Martin, "Dominion Lands" Policy, pp. 275-276.

[66] One such notable figure, in Calgary, was James A. Lougheed.

At the turn of the century, during the height of interimperialist rivalry, leading to World War I, two other transcontinental lines, the Canadian Northern and the Grand Trunk Pacific (G.T.P.) were initiated. The former was a promotion of two Canadians, William Mackenzie and Donald Mann, who had made their first big accumulations as contractors for the C.P.R.. The latter was a subsidiary of the old Grand Trunk Railway. From its inception, the C.P.R. was closely identified with the Conservative Party while the Liberal Party became identified as anti-C.P.R. and a political voice for the Grand Trunk interests. During the 1904 Dominion election, which "pitted the Grand-Trunk-Liberal Party nexus against the C.P.R.-Tory machine",[67] the Liberal leader, Wilfrid Laurier, campaigned with the slogan "Canada Cannot Wait". Once re-elected, the Liberals proceeded with massive aid to the G.T.P. and Canadian Northern, although as much of the best land had already been given away, the Laurier Liberals (and the succeeding Borden Tories) relied mainly on cash grants and government guarantees of railway debt, usually floated in the London money market.

The Canadian Northern mainline (1903) reached Edmonton from Grandview, Manitoba, by 1905, but the entire B.C. section to Vancouver was not completed until 1915. The Grand Trunk Pacific (1903) reached Edmonton by 1909, but its B.C. section to Prince Rupert was not completed until 1914. The wasteful duplication and overcapacity generated by this railway rivalry was prodigious. For example, between Edmonton and the Yellowhead Pass both the Canadian Northern and G.T.P. followed virtually the same route. The pitiful standard of construction, which caused high maintenance costs, became another contributing factor to the financial collapse of the two companies during World War I. As will be considered in Chapter 10, between 1917 and 1923, the Dominion Government took over and amalgamated these and other non-C.P.R. lines into the Canadian National Railways (C.N.R.) system.

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[67] Tom Naylor, The History of Canadian Business, 1867-1914, Vol. I, p. 286.

By 1917, the railway explosion generated during the heights of interimperialist rivalry had reached a turning point. Railway crises led to massive state intervention, attempts at nationalization, and a lessening of competition and expansion. By 1930, the early era of development had come to an end, as indicated in the following figures for net operating miles of trackage:[68]

Table 6.1 Net Operating Miles of Railway Track in Canada, 1840-1970

	Total miles	Increase		Total miles	Increase		Total miles	Increase
1840	30	30	1890	14,090	7,166	1930	44,745	4,051
1850	80	50	1900	19,017	4,927	1940	44,713	-32
			(1905	22,385)				
1860	2,495	2,415	1910	27,541	8,524	1950	44,547	-166
			(1915	39,243)				
1870	3,121	626	1920	40,694	13,153	1960	45,598	1,051
1880	6,924	3,803				1970	45,655	57

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[68] J. Lukasiewicz, The Railway Game: A Study in Socio-Technological Obsolescence, Toronto: McClelland and Stewart, 1976, p. 46. The peak growth of railway construction was reached around 1915 at about 39,243 net miles of main track, which was about 35,000 route miles or a record 4.5 miles per 1,000 persons in Canada.

The history of the railways during internal colonization exemplified the evolution of state relations with big business. In terms of land alone, the Dominion government made nearly 31.8 million acres of railway land grants in the prairie region. Over 13 million (41 percent) were selected in Alberta and virtually all of this Alberta land went to the C.P.R..[69] By 1916, state-monopoly capitalist collaboration had reached the extent that public investment--but not public ownership--accounted for 43 percent of the total investment of the C.P.R., 59.9 percent of the G.T.P. and 60.3 percent of the Canadian Northern.[70]

The fourth element in the process of internal colonization was rapid and extensive white settlement, based primarily on agricultural development. Between 1880 and 1890, the population of Alberta, estimated for its present boundaries, grew from 18,075 to 26,593. However, in the late 1890s a torrent of settlement hit the prairies. Alberta's population jumped to 73,022 in 1900, 185,412 in 1905, 374,295 in 1910, and 496,525 in 1915. The pre-World War I immigration channelled to Alberta was not only the first but largest "wave" in Alberta's history: prior to 1905 there were nearly 100,000 immigrants to Alberta, and in the subsequent decade, over 346,000. Migration into Alberta (from other parts of Canada) was also greatest during this period; in the first decade of the century about 184,900 Canadians settled in Alberta.

Thus, by the 1906 census, only about 20.8 percent of the population were Alberta-born, while about 26.1 percent were born in other parts of Canada. Of the majority immigrant section of the population, the largest group in 1906 was from the U.S. (23.3 percent of the population), and the second largest was from Britain (12.8 percent). Despite the rampant Anglo-Saxon chauvinism of the time, reflected in alleged fears of the "British element" being swamped by "less desirable elements", eastern Europeans, who were a typical target, constituted less than 10 percent of the population. It was not until the 1941 census that native-born Albertans made up over half the province's population.

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[69] C. Martin, op. cit., pp. 302-303.

[70] J. Lukasiewics, op. cit., p. 30. Investment includes cash, credit, and proceeds of land sales.

Soon after the H.B.C. control of prairie lands was transferred to Canada, the Macdonald government formulated policy and administration of these new "Dominion Lands". Orders-in-Council approved during April and May, 1871, followed by the important Dominion Lands Act of April, 1892, initiated Dominion policy governing railways and settlement grants and the leasing of lands for grazing, mining, water rights, timber and school purposes. The central control of prairie lands "for purposes of the Dominion" under the Dominion Minister of the Interior was coupled with the promotion of immigration under the Dominion Minister of Agriculture and private companies.[71] Against the position of placing control of the lands in a prairie province, the Dominion government maintained, in Macdonald's words, that:

> It would be injudicious . . . to have a large province which would have control over lands and might

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[71] The administration of public lands and the Dominion Lands Act was originally under the Secretary of State, but was transferred when the Department of the Interior was established in 1873. For some discussion of the relations between the Dominion government and private settlement companies and of certain facets of immigration policy see H. Troper, "Public Versus Private Land Promotion: The Western Canadian Immigration Association", in Howard Palmer (ed.), *The Settlement of the West*, pp. 86-101; D. J. Hall, "Clifford Sifton: Immigration and Settlement Policy, 1896-1905", in H. Palmer (ed.), *op. cit.*, pp. 60-85. For one of the better efforts at detailing settlement procedures and forms, including discussion of private settlement and land companies see John Langton Tyman, *By Section Township and Range: Studies in Prairie Settlement*, Brandon: Assiniboine Historical Society, 1972.

> interfere with the general policy of the Government in opening up communications to the Pacific, besides the land regulations might be obstructive to immigration. All that vast territory should be for purposes of settlement under one control, and that the Dominion legislature.[72]

The main attraction to agricultural settlement was the 1882 "free homestead" provisions of Dominion Lands policy. Settlers could obtain entry on one quarter section (160 acres) by paying a $10.00 registration fee. Title to the land could be obtained in three years after meeting a minimal residence requirement. Available statistics on homestead entries begin in 1887 with 271 entries, but a major jump appears in 1898 (1,049 entries) rising to a peak in 1910 (17,187 entries). However, cancellations were also high. Martin estimated that between 1870 and 1927 over 41 percent of the original entries did not obtain title. This "silent but deadly attrition going on upon the frontier"[73], was a result of a variety of forces: insufficient capital and, related to this, onerous debt burdens and credit difficulties; storage and transportation problems, including high freight rates and tariffs; weather and soil conditions; inexperience in the western prairie environment; the personal hardships of farm living; and speculation in farm land.[74] The Dominion pressure for settlement even opened lands which were poor for farming, such as in southern Alberta, land which later cost huge sums in irrigation and re-settlement. This prompted the provincial government to comment (generously) in 1938 that "if less attention had been given to the speed of settlement and more attention to the ultimate success of the settler on the land, large parts of this area would not have been thrown open under a homestead policy."[75]

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[72] Quoted in C. Martin, op. cit., p. 227.

[73] Ibid., p. 431. See also pp. 524-525.

[74] Relatively little study has been done on the exploitive activities of speculators and land companies in the development of the western interior, although at least some of their significance was recognized in Chester Martin's writing. Lewis H. Thomas has also mentioned this in his Introduction to the abridged edition of Chester Martin, "Dominion Lands" Policy, Toronto: McClelland and Stewart, 1973, especially pp. xii-xiii. Thomas noted, for instance, that "There were land speculators in Western Canada who were bitterly opposed to the impartial administration of public lands in the interest of the bona fide agriculturalist." (p. xiii.)

In conjunction with "free homesteading" was the private sale of lands owned by the C.P.R., the H.B.C., and related land companies. In Alberta, as in the prairies as a whole, there was actually more land settled through purchase (23.3 million acres) than through free homesteading (19.1 million acres). By January, 1928, according to the Report of the Royal Commission on the Natural Resources of Alberta, those lands alienated by the Dominion Government "by sale or for sale" included 3.8 million acres of school lands, 2.1 million acres of pre-emptions, and 970,000 acres for irrigation, while the C.P.R. was granted over 13.0 million acres and the H.B.C. over 2.4 million acres. The C.P.R. strongly supported free homesteading, since under the system of having railway and homesteading sections located adjacent to each other in belts on either side of the rail lines, the encouragement of free homesteads created a market for and a value to C.P.R. lands.[76] Between 1893 and 1905, just one C.P.R.-related real estate operation, the Calgary and Edmonton Railway Company, sold nearly 1.1 million acres, reaching a peak of 323,500 acres in 1902.

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[75] Government of Alberta, The Case for Alberta, submission to the Royal Commission on Dominion-Provincial Relations, Edmonton: King's Printer, 1938, Part I, p. 52.

[76] However, the traditional picture "on paper" of odd-numbered sections going to railways and even-numbered sections going to homesteading needs considerable modification. According to John Tyman's study of settlement patterns in southwest Manitoba: "In practice, free homesteads were not restricted to even numbered sections nor even numbered sections to free homesteads. Not all homesteads were of 160 acres, nor

The C.P.R.'s massive irrigation schemes in southern Alberta promoted settlement and another form of land development. One of the C.P.R.'s irrigation projects, which began in 1903, encompassed 3 million acres adjoining the Bow River in southern Alberta and was promoted as the "largest private enterprise of its kind ever carried out". Indeed, the C.P.R.'s Department of Colonization and Development claimed in 1926 that the company had spent "nearly $75,000,000 for colonization, land settlement, irrigation or similar works--an amount exceeding that spent by the Dominion Government in like work in the same period."[77]

As a result of rapid settlement, commercial agriculture in the form of the 'independent farmer', or simple commodity production, was firmly established by 1905. About 916,000 acres of land were under field crops and 4 million acres were under pasture. The dominance of capitalism in agriculture and with it, the growth of a capitalist land market also per-

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were they all of the same type, for there were several categories of free grant available. Much of the supposed "Free Homestead Land" was disposed of by sales of one sort or another--as pre-emption sales or ordinary sales, for cash or by instalment, by script or by warrant.

Similarly the supposedly uniform allocation of odd numbered sections to railways was really characteristic only of formal belts and reserves. Even then it was less than uniform, interrupted by squatters' claims and lands not fit for settlement. . . . In short, there is no such thing as a "typical prairie township". The model which bears that name is the product not of scholarly investigation but of the misinterpretation of a theoretical statement divorced from its context. Admittedly, areas further west were spared the complication of much pre-railway settlement; but they were marked instead by the special provisions made for by the occupation of drier lands in Alberta and Saskatchewan." (John Tyman, op. cit., pp. 210-212. Tyman's conclusion is also noted in Brian S. Osborne (ed.), The Settlement of Canada: Origins and Transfer, Kingston: Queen's University, 1976, p. 238.)

[77] C. Martin, op. cit., p. 319. For more material on irrigation see John Blue, Alberta Past and Present, Chapter XX; H.G. Cochrane, "Irrigation in Alberta", Alberta Historical Review, Vol. 16, No. 2, Spring 1968, pp. 14-18; A.A. den Otter, "Irrigation in Southern Alberta, 1882-1901", Occasional Paper No. 5, Lethbridge: Whoop-up Country Chapter, Historical Society of Alberta, 1975.

manently destroyed the hunting and gathering economy of the Native Peoples.

Settlement during internal colonization was not exclusively, or even essentially, agricultural. In Alberta, the development of urban centers, particularly the towns and cities, dominated and often preceeded rural development. In the growth of markets and transportation, and in the control of investment and credit (both public and private), rural interests were subordinated to more powerful business groups in the towns. This gave rise to a long history of town-country conflict and uneven development. Nevertheless, Alberta centres were themselves usually subordinate to outside capital, particularly the railways. The many small towns which acted as agricultural service centres were established by the railways about 5 to 15 miles apart as elevator depots. They were especially vulnerable not only to scheduling and freight rates, but line closures. Some larger centres, such as Lethbridge, grew up as company coal mining towns serving the C.P.R. or later railways. Centres like Calgary were more diversified, but still dependent on key railway-related activities such as cattle-marketing. Consequently, urban settlement was also rapid. While the rural population of Alberta in 1905 was 127,320, the urban population was 57,875, of which 30,119 were in cities.[78]

The fifth element in the process of internal colonization was the establishing of a system of primary production based on agriculture and mineral extraction--natural resource exploitation. Central Canadian capital dominated this development either directly through ownership or financing, or indirectly through its control of transportation and markets.

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[78] For further material on early urban development in the western interior see, for example, J.M.S. Careless, "Aspects of Urban Life in the West", 1870-1914"; K. Lenz, "Large Urban Places in the Prairie Provinces"; P.L. Voisey, "The Urbanization of the Canadian Prairies, 1871-1916", Histoire sociale/Social History, Vol. VIII (No. 15), May 1975, pp. 77-101.

One can distinguish two forms of capital accumulation in Alberta, the first under essentially local ownership and control, and the second under essentially external ownership and control, usually in central Canada or England. The first is typified by the simple commodity producer such as the small farmer or the local craftsman or artisan (blacksmith, butcher, gunsmith, etc.); the local "independent" merchant or real estate agent (in non-productive sectors); and the local capitalist who operates, for example, a contracting business, lumbering enterprise or ranch. The second is typified by the absentee-owned firm and their agencies, offices, branch plants, or other properties, which is managed by an employee ("residential manager"), minority shareholder, contracted professional, or a combination of any of these. It is the second form of capital accumulation which dominated the key sectors of industrial capital during internal colonization.

In transportation, the power of the C.P.R. extended into virtually every sphere of production, in part because the C.P.R. controlled the only viable mode of long-distance transportation in the land-locked prairies. In determining scheduling, freight rates, and branch line organization, the C.P.R. could indirectly determine production patterns. Generally, the C.P.R. and central Canadian capital as a whole directed prairie production as a source of raw commodities for central Canadian manufacturing and trading interests: "since early development the thrust has been to move raw materials to industrial Canada for refinement and consumption."[79] One of the best-known examples of this was the discriminatory freight rates policy contained in the Crow's Nest Pass agreement of 1897.

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[79] Canada, Grain and Rail in Western Canada, The Report of the Grain Handling and Transportation Commission (The Hall Commission), Ottawa: Ministry of Supply and Services, 1977, Vol. I, p. 274.

The Crow's Nest Pass agreement between the Dominion Government and the C.P.R. was the first major effort of the Canadian state to regulate freight rates. The C.P.R. desired to build a rail line from Lethbridge into south-eastern B.C. As a concession for a cash and land grant subsidy to aid its construction and under strong prairie pressure, the C.P.R. agreed, beginning in 1899, to reduce the freight rates on grain and flour carried from the west to Fort William-Port Arthur (Thunder Bay) by three cents to 14 cents per 100 pounds from Winnipeg, 20 cents from Regina, and 26 cents from Calgary. However, the rates on eastward freight in manufactures were not similarly reduced, while the westward freight rates on some manufactured products of central Canada were reduced (more as a concession to eastern capital than prairie consumers). The freight rate structure which evolved became a long-standing grievance, both among working people and local capitalist interests, for it "permitted the [transportation] system to continue to drain the West of employment and development opprtunities."[80]

In agriculture, there were two main areas, grain farming and ranching. The control of grain production was indirect, since the productive system relied mainly on small proprietary farming on land owned and occupied by the farmer. However, central Canadian capital exercised power through its ownership and control of inputs, such as farm machinery, farm credit, mortgages, and homestead land grants, irrigation programs and transportation.

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[80] Ibid., p. 275.

In ranching, development was dominated by the large-scale capitalist enterprise. Probably the first of the large-scale commercial ranches was Cochrane Ranch Company Limited (1881), owned by the Conservative Senator M.H. Cochrane of Quebec. Under Dominion Lands policy, the Dominion cabinet in 1881 approved the granting of leases of up to 100,000 acres for a term of 21 years at one cent per acre per year. The large cattle and horse ranches were capitalized upwards from $100,000 and owned by leading Canadian and English businessmen. By 1884, two-thirds of all stocked land in the south-west was controlled by ten companies; moreover, "four of these companies, the Cochrane Ranch Company, the Walrond Ranch Company, the Oxley Ranch Company, and North West Cattle Company held almost one-half of such lands."[81] The leading ranching interests came to form a "cattle compact" which was clearly visible in such organizations as the Western Stockgrowers' Association and the Ranchmen's Club (in Calgary) and markedly upper class, Anglo-Saxon, and Tory. With the gradual encroachment of agricultural settlement--"sodbusters" and "nesters"--the heyday of the big ranches was over by 1910.[82]

In mining, "coal was King" during internal colonization, although some early interests in gold and, later, gas and oil, also appeared. The growth of railways was the chief stimulus to coal production. The first and largest coal mining operation, the North-Western Coal and Navigation

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[81] D.H. Breen, "The Canadian Prairie West and the 'Harmonious' Settlement Interpretation", Agricultural History, January 1973, p. 65.

[82] For a brief history of the rangelands see Alex Johnston, "A History of the Rangelands of Western Canada", Journal of Range Management, Vol. 23, No. 1, January 1970, pp. 3-8. For some useful material on early ranching see Simon M. Evans, "Spatial Aspects of the Cattle Kingdom: The First Decade, 1882-1892", in A.W. Rasporich and H. C. Klassen (eds.), Frontier Calgary, pp. 41-56; and "Stocking the Canadian Range", Alberta History, Vol. 26, No. 3, Summer 1978, pp. 1-8.

Company, was established by A.T. Galt in anticipation of the building of the C.P.R.. The company had British financial backing (William Lethbridge, an English capitalist and namesake of the coaltown, was president) and substantial coal, timber, and grazing leases from the Dominion government. On the basis of long-term coal contracts with the C.P.R., a Dunmore to Lethbridge railway line (106 miles) was completed in 1885. High transportation costs and Canadian-U.S. tariff barriers made outside sale of coal uncompetitive east of Winnipeg, west of the Rockies, or in the U.S.. Consequently, in its early development, Alberta's coal production depended heavily on irregular and slowly growing rail traffic which gave rise to a "limited, fluctuating, regional market."[83]

In several areas of Alberta there were small independent mines--"gopher holes"--supplying local needs, but the main producers were large, heavily capitalized firms owned in central Canada or Britain. Expanding outside investment and concentration was particularly evident during the rapid phase of growth which followed the building of the Crow's Nest Pass line of the C.P.R. in 1897, and superceded the slow, irregular growth since the 1880s. Production of Alberta coal (from the Kootenay, Belly River, and Edmonton formations) rose from 43,220 tons in 1896 to 931,917 tons in 1905 (or 10.8 percent of Canadian production) to about 4 million tons in 1913 (or 26.7 percent of Canadian production).[84]

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[83] A.A. den Otter, "Railways and Alberta's Coal Problem, 1880-1960", in A.W. Rasporich (ed.), Western Canada Past and Present, p. 86. This problem was discussed in the Alberta Coal Commission, Report, Edmonton: Acting King's Printer, 1926.

[84] Canada, Dominion Bureau of Statistics, Canadian Mineral Statistics, 1886-1956, Reference Paper No. 68, Ottawa: Queen's Printer, 1957, pp. 56, 105.

In manufacturing, enterprises were generally small-scale with production geared to local markets and the demands of the railway or mining industries. The 1891 Census revealed that in the Territorial District of Alberta there were 143 "industrial establishments" (roughly, manufacturing establishments) employing 574 males and 22 females, or about 4.2 employees per establishment. The largest group of these were 14 saw mill operations (202 employees), 35 blacksmithing-forging operations (45 employees), 12 carpentry and joining operations (37 employees), 3 printing and publishing operations (27 employees), 6 harness and saddlery operations (20 employees), 4 sash, door and blind operations (20 employees) and one meat curing operation (20 employees).

The unmistakeable tendency present in the development of manufacturing was the replacement of local craft or "hand trades" enterprises by the larger scale capitalist enterprise, although at varying rates in different types of businesses. The former enterprise was typically a sole proprietorship or partnership, in which the proprietor himself worked, perhaps aided by one or two wage-earners. The latter enterprise was typically a (joint-stock) corporation with a larger capital investment, a clearer separation of labour from ownership, and more often absentee-owned. The larger centers such as Calgary reflected the growing trend towards concentration in manufacturing, as was revealed in the 1911 Census of Canada:

Calgary	Population	Manufacturing establishments	Employees per establishment	Capital per establishment	Net value of output per establishment
1891	3,876	28	6.0	$ 14,468.57	$ 6,022.14
1901	4,392	10	30.7	$ 43,164.70	$28,347.80
1911	43,704	46	46.4	$284,410.78	$66,752.02

Despite the existence of many small-scale local enterprises during internal colonization, the key manufacturing areas were dominated or came to be dominated by large-scale, absentee-owned enterprises. For example, in lumber and electric power, the leading positions were occupied by firms such as the North-Western Coal and Navigation Company of Lethbridge and the U.S.-owned Eau Claire Company of Calgary.

By the time of provincial status in 1905, Alberta had 97 establishments with 1,983 employees (or 20.4 employees per establishment), with a capital investment of $5.4 million (or $55,673 per employee) and a gross output valued at nearly $5 million.[85] Large-scale capitalist manufacturing was becoming evident in brewing, lumber milling, flour milling, meat packing, and some textile production. In brewing, for example, there were three breweries with a total of 146 employees, $640,000 capital, and an annual gross output of nearly $407,000. In flour milling, there were 11 mills with a total of 135 employees, $886,000 capital, and an annual gross output of over $1.1 million.[86] However, even the larger scale enterprises were geared for the local or regional market. Innis suggests that "Success of the flour-milling and pork-packing industry at Calgary and Edmonton were, in large part, a result of Kootenay demands" and also observes that the "dairy industry and, in turn, creameries and cheese factories grew up in relation to mining."[87]

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[85] Alberta, Publicity and Statistics Branch, Statistics of Progress, Edmonton: King's Printer, 1929, p. 148. In this context, "establishment" included all plants with 5 or more employees. In only 5 years--by 1910--there were 290 establishments with 6,930 employees (or 24.1 per establishment) with a capital investment of $29.5 million (or $101,737 per establishment) and a gross output of $18.3 million.

[86] Ibid., pp. 144-145.

Despite the appearance of manufacturing activity by 1905, its structure and growth vividly reflected Canada's highly uneven regional development. In 1905, the gross value of Alberta's manufacturing activity amounted to about $5 million or only .7 percent of the Canadian total of $718 million, while Alberta's population was 184,412 or 3 percent of the Canadian population of about 6,002,000. The average size of Alberta's manufacturing establishments was relatively low: in terms of labour, only 17.0 employees per establishment compared to Ontario's 23.7, B.C.'s 51.7, and the Canadian average of 24.9; and in terms of capital, only $46,217 per establishment as compared to Ontario's $49,710, B.C.'s $115,516, and the Canadian average of $53,595.[88] Even by 1910, the gross value of Alberta's manufacturing was 1.6 percent of the Canadian total of $1,166 million compared to Ontario's 49.7 percent, while Alberta's population was 5.2 percent of Canada's 7,206,643, compared to Ontario's 35.1 percent.

Alberta's productive system could not reap the advantages of its specialization and natural wealth in a division of labour organized and and directed in the interests of central Canadian and British capital. While Alberta was heavily dependent upon primary production in grain growing, ranching, and coal mining, the terms of trade or primary commodities marketed beyond the region were generally dictated by outside interests through their control of markets and transportation. In grain production, for example, major central Canadian and foreign corporate interests allied in such institutions as the Winnipeg Grain and Produce Exchange (formed in 1887, incorporated in 1891) exercised monopoly power in grain buying and elevators. The struggles of farm producers against these "vested interests" and their political allies became a standard theme in prairie economic and social history. At the same time, some other primary commodities, particularly coal, had a major potential but were uncompetitive in central Canadian markets largely as a result of high transportation costs. About half of Canada's consumption of coal was imported from the U.S., where some Canadian companies owned Pennsylvania mines. The fact that Dominion tariff and freight rate policies were not exercised to integrate Alberta coal production into the central Canadian industrial "heartland" again revealed who were the major beneficiaries of internal colonization and exposed the inconsistent and less than genuinely "national" character of the National Policy.

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[87] H.A. Innis, Settlement and the Mining Frontier, pp. 309-310.

[88] Canada, Census of Canada, 1911, Vol. III, p. ix.

Finally, contrary to mythology, there never was an era of "free enterprise" in Alberta, when competition predominated over monopoly. The mantle of monopoly was passed from the H.B.C. to the C.P.R. and permeated most of the economy. Where competition existed, usually among small producers, it was often to the advantage of large firms for it lowered the price of inputs for large firms and weakened the bargaining position of small producers against monopolies. Since central Canadian and foreign interests, together with their local collaborators, were in a stronger position to defend and advance their monopoly positions in Alberta, development was weak and lopsided, and major streams of economic surplus drained eastward to Toronto, Montreal and London, thus constraining capital accumulation in Alberta.

The sixth element in the process of internal colonization was the development of an expanded internal market under the control of central Canadian industry and banking. This general market can be divided into a large number of particular markets of two kinds: capital markets and commodity markets. The control exercised by central Canadian interests in both sets of markets was based on their predominant ownership of the means of production (both central and "branch" plants), distribution (foremost the railways), and exchange (principally the banks). Especially prominent was their financial power in determining direct investments, the allocation of loan capital, and the granting of credit.

Well before Confederation, it was evident that leading interests in central and eastern Canada foresaw the West as an expansion area for their domestic market. At the Quebec Conference (1864), for instance, the following resolution was passed:

> The communications with the North-West Territory, and the improvements required for the development of the Trade of the Great West with the Seaboard, are regarded by this Conference as subjects of the highest importance to the Federated Provinces, and shall be prosecuted at the earliest possible period that the state of the finances will permit.

The end of the American Civil War and the abrogation in 1866 of the Canada-U.S. Reciprocity Treaty of 1854 intensified the drive for a larger domestic market. The depression in 1866 and the major depression of 1873 further sharpened pressures for westward expansion as a way out of crises.

There were several mechanisms for taking control of the North-West commodity markets, but chief among them was the control of transportation and tariffs. In 1866, Canadian tariffs had been lowered as an inducement to the Maritime Colonies to enter Confederation; but with the depression of 1873, tariffs were again raised, partly for the protection of central Canadian industry and partly to offset the decline in government revenues. The most prominent boost in the tariffs came in 1879 with the "National

Policy tariffs". These tariffs against imports from the U.S., which raised the price of some key commodities needed by prairie settlers, remained much the same throughout internal colonization, and became a long-standing prairie grievance, comparable to the freight rates issue.

The Dominion government moved early to check the "free trade" with the U.S. existing in southern Alberta during the 1870s. The first customs collection in Alberta was carried out by the N.W.M.P. during the fiscal year 1876-77 at Fort Macleod, and amounted to $19,115.47.[89] By 1906, the duties collected on imports into Alberta from the U.S. had risen to over $520,000. That same year, imports at $2.8 million dwarfed exports which were less than $330,000.

A wide variety of imports were hit by the National Policy tariffs, which ranged roughly according to the degree of processing, from about 10 percent for commodities with little processing to 30 percent for finished goods. The rates for some commodities, for example, petroleum products and furniture, were even higher. One item of particular significance was agricultural implements, the tariffs on which were raised from 17½ percent (1874) to 25 percent under the National Policy tariffs of 1879 (and raised again--to 35 percent--in 1883). Prior to the National Policy tariffs, the implement trade in the North-West was centered in Winnipeg (the "Chicago of the Canadian prairies") and was dominated by U.S. firms operating through St. Paul. After the tariffs, Canadian-based manufacturing operations, led by firms such as Harris (later Massey-Harris) were able to take major control in the market.

Among the most powerful of capitalist institutions during the process of internal colonization were the banks. Their control of major accumulations of Canadian capital and intermediary relationship with British and U.S. capital enabled the banks to play a decisive role in determining investment priorities. For the banks, prairie expansion meant major opportunities for capital accumulation through new demands for loan capital, credit, and bank "services", and new deposits. One of the first chartered banks to establish a branch in Alberta was the C.P.R.-associated Bank of Montreal, which opened a branch in Calgary by 1886. A few private banks appeared in the 1880s and 1890s but they were soon overwhelmed by the onslaught of the chartered banks. In 1890 there were only four chartered bank branches in the entire North-West; in 1915 Alberta alone had 256. The Imperial Bank of Canada was established in Edmonton in 1891. The Canadian Bank of Commerce opened branches in Calgary, Edmonton, and Medicine Hat in 1902, and in Lethbridge in 1905. The Merchants Bank of Halifax (now the Royal Bank) had a branch in the Yukon in 1899, but opened its first Alberta branch in Edmonton in 1906 and in Calgary in 1907. In 1900 there were only three bank clearing houses in western Canada (Winnipeg, Vancouver and Victoria); however, by 1907, clearing houses were also operating in Calgary and Edmonton.

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[89] Herbert Legg, Customs Services in Western Canada, 1867-1925, Creston: The Creston Review, 1962, p. 10.

The rewards--and historic significance--of the westward expansion of Canadian chartered banking were well recognized and contrary to the frequent claims of banks that their prairie branches lost money. In referring to the decade 1901 to 1911, even a review article in the leading journal of Canadian banking commented:

> This movement of branch extension in the West . . . also had a very important effect in increasing Canada's banking power. Thanks to the steady and rapid growth of the West's production, and to the large investment of funds in western farms and other property by outsiders, the branches in that part of the

> country have acquired a rapidly rising volume of deposits; and a number of the banks having extensive branch representation have thus formed the means to rapidly augment their resources.[90]

Some markets, particularly in land, opened a wide range of predatory opportunities to bilk succeeding groups of newcomers and enterprises in productive sectors. Several heavily financed central Canadian and British firms acquired large parcels of land, especially urban land, simply for the purpose of later selling the land to realize capital gains--without making any improvements to the property.[91] The large-scale speculative enterprises were joined by numerous small-scale speculators who exemplified a "hit and run entrepreneurialism" prevalent during boom times like the Klondike boom in the late 1890s and the "great barbecue" following 1905. In major centers the largest single group of businesses typically were real estate agencies. The massive waves of speculative activity did not create any real capital stock and often obstructed and fragmented development; however, it did speed the concentration of some capitals and the dissipation of others, thus accelerating monopoly trends and the general polarization of wealth.

The area of wholesale and retail distribution was at first more open to local "independent" merchants, although the presence of the H.B.C. continued as the first outside "chain store". Furthermore, local merchants, like the productive sectors, were subject to freight rates and tariffs policy. The C.P.R., for instance, seriously affected the development of particular communities by its manipulation of freight rates:

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[90] H.M.P. Eckardt, "A Quarter Century of Canadian Banking", Journal of the Canadian Bankers Association, Vol. 26, 1918-19, p. 30.

[91] See, for example, Donald G. Paterson, op. cit., pp. 64-69.

> Within the West before the Canadian Northern became important, the C.P. controlled the competition of local merchants by giving them special distributive rates. . . . Calgary merchants in 1902 could ship along the Calgary-Edmonton branch in Edmonton territory while Edmonton merchants could not ship back. The result was to make one centre, in this case Calgary, more attractive to eastern business as a distribution centre, and a large number of wholesale branches of eastern business moved into that town. Complaints over this were rampant throughout the West, for which town got the special distributive (traders') rate was entirely the decision of the company. In addition, the secret rebate system could be used to hide the differential.[92]

Thus, through a constellation of both general and particular politico-economic relationships, central Canadian capital was able to structure development to suit its own ravenous drive for accumulation. This meant, in practice, that despite some significant popular resistance there was a virtually complete subordination of the prairie regional economy to central Canadian capitalist interests and their state.

Provincial Autonomy and Capital Accumulation

A major outcome of more than three decades of internal colonization was the emergence of a business class and the achievement of provincial state autonomy in the developing settler economy. Autonomy Bills were introduced in the Dominion parliament during February 1905, and passed in July, officially creating the Provinces of Alberta and Saskatchewan on September 1, 1905.

The governmental and administrative transition from territorial status to provincial status was gradual and deliberate. Beginning in 1870,

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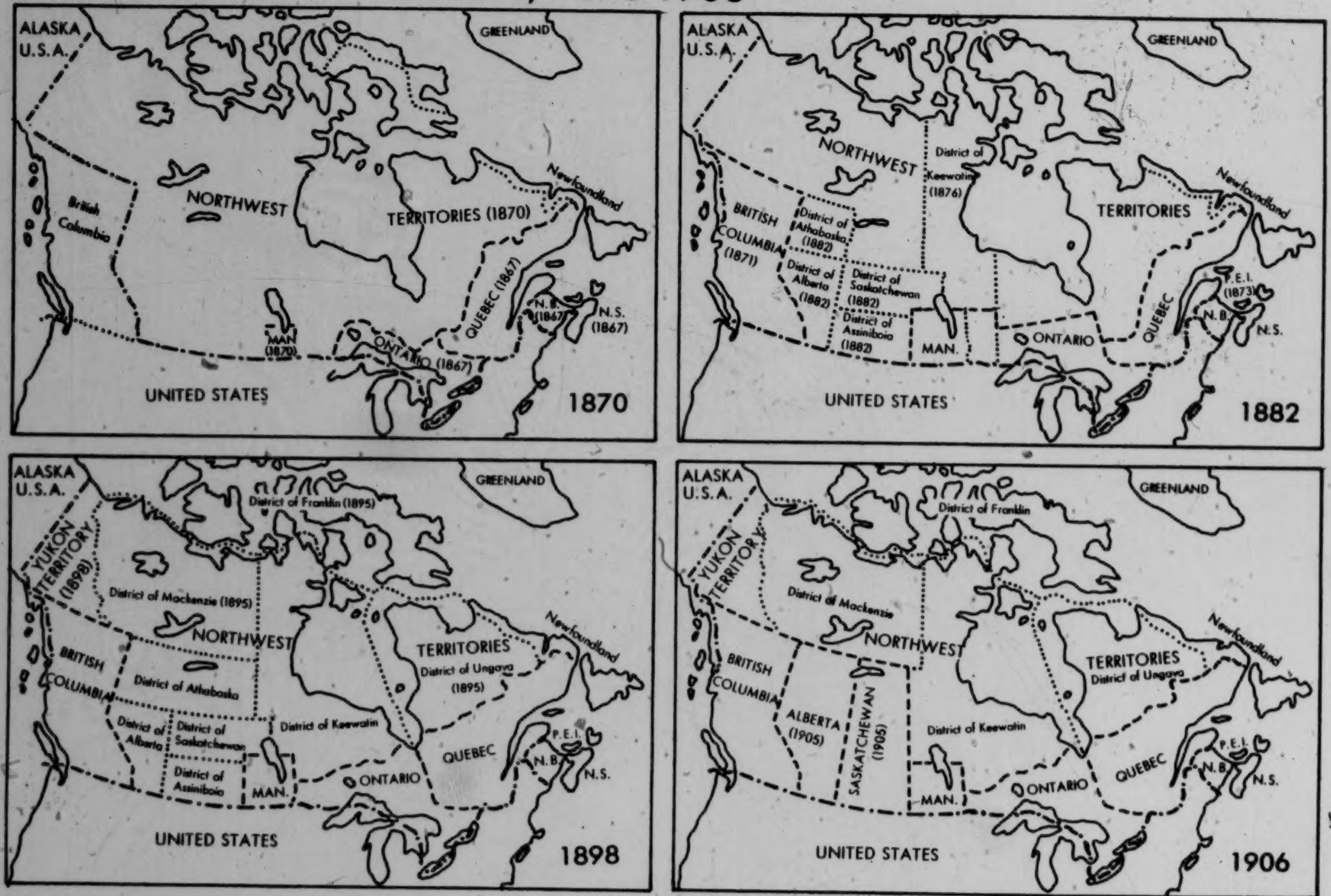
[92] T. Naylor, op. cit., Vol. II, pp. 30-31.

Political Evolution of Canada, 1870-1906


ALASKA U.S.A.
GREENLAND
British Columbia
NORTHWEST
TERRITORIES (1870)
Newfoundland
QUEBEC (1867)
N.B. (1867)
N.S. (1867)
MAN (1870)
ONTARIO (1867)
UNITED STATES
1870
ALASKA U.S.A.
GREENLAND
NORTHWEST
District of Keewatin (1876)
TERRITORIES
Newfoundland
BRITISH COLUMBIA (1871)
District of Athabaska (1882)
District of Alberta (1882)
District of Saskatchewan (1882)
District of Assiniboia (1882)
MAN.
ONTARIO
QUEBEC
P.E.I. (1873)
N.B.
N.S.
UNITED STATES
1882
ALASKA U.S.A.
GREENLAND
YUKON TERRITORY (1898)
District of Franklin (1895)
District of Mackenzie (1895)
NORTHWEST
TERRITORIES
District of Ungava (1895)
Newfoundland
BRITISH COLUMBIA
District of Athabaska
District of Alberta
District of Saskatchewan
District of Assiniboia
District of Keewatin
MAN.
ONTARIO
QUEBEC
P.E.I.
N.B.
N.S.
UNITED STATES
1898
ALASKA U.S.A.
GREENLAND
YUKON TERRITORY
District of Franklin
District of Mackenzie
NORTHWEST
TERRITORIES
District of Ungava
Newfoundland
BRITISH COLUMBIA
ALBERTA (1905)
SASKATCHEWAN (1905)
District of Keewatin
MAN.
ONTARIO
QUEBEC
P.E.I.
N.B.
N.S.
UNITED STATES
1906

the North-West Territories was administered through the Lieutenant-Governor of Manitoba and a Dominion cabinet-appointed North-West Council based in Winnipeg, which carried out early development of the Territorial administration. The North-West Territories Act of 1875 established a resident Lieutenant-Governor (in Battleford) with a North-West Council appointed by the Dominion cabinet. The Act also provided for the election of non-Indian members to the Council as the settler population increased. According to this legislation, which was passed by the Mackenzie Liberal government, when the number of elected councillors reached twenty-one, the North-West Council would become a Legislative Assembly. On the question of democracy in the Territories, the Conservatives took more reactionary positions, as was reflected, for example, during the 1875 debates on the North-West Territories Bill when Macdonald commented that the Liberals "should not clog themselves with . . . introducing the popular element."[93] In 1882, with the building of the C.P.R., the capital of the Territories was moved to Regina and four territorial districts--Alberta, Assiniboia, Athabaska, and Saskatchewan--were created.

By 1894, the North-West Council's elected members outnumbered the appointed. In 1886, the year following the North-West Rebellion, the Territories were permitted for the first time four members in Parliament, which included one for the District of Alberta. In 1887, two Senate seats were granted. In 1888, a Legislative Assembly with 22 elected members and three non-voting judges was established; however, the Lieutenant-Governor could select his "Advisory Council".

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[93] Canada, House of Commons Debates, March 12, 1875, Vol. I, p. 656. One elected representative was to be added for every one thousand non-Native adult males in an area not exceeding one thousand square miles. According to L.H. Thomas: ". . . the first elected Councillor was chosen in 1881. He was a Hudson's Bay Company factor; although his electoral district included the Metis settlements, the English-speaking Prince Albert voters determined the outcome". (The North-West Territories, 1870-1905, Historical Booklet No.26, Ottawa: Canadian Historical Association, 1970, p. 5.

After 1888, increasing political conflict occurred over the control of Dominion government funds because the Legislative Assembly was still, in effect, an extension of the Department of the Interior of the Dominion Government. In 1891, the Assembly's jurisdiction was expanded and, significantly, it was allowed that Dominion funds could be expended by the Lieutenant-Governor on the advice of the Assembly. As well, an appointed "Executive Committee" was established, led by F.W.G. Haultain, later to be officially the Premier. In 1894, the jurisdiction of the Assembly was again extended and the election of the Executive Committee by the Assembly was accepted.

Finally, in 1897, the Dominion Government recognized formally the principle of "responsible government" by legislating for an Executive Council which would have majority support of the Assembly. In succeeding years, the territorial state machinery was developed further, on a departmental basis, leading to a relatively smooth administrative transition to provincial autonomy in 1905.[94]

Underlying the struggle for autonomy in the North-West was the advance of settlement and capitalist development. Such development required a state-financed and organized economic infrastructure and certain social programs: railways and communications; courts and jails; roads, bridges, and other local improvements; public health and education. While successful in the achievement of "responsible government", the Territorial government had not acquired the authority or financial means to support these demands of rapid growth, in particular, the right to borrow money--public debt--and the right to charter railways. Also, Dominion Lands, including timber and mineral rights, remained in the hands of the Dominion government, and compensating Dominion financial grants were relatively low. Above all, since the direction and form of state involvement in the territories directly affected both private capital accumulation in general and the allocation of particular advantages and benefits, the control of the territorial and municipal governments became a matter of profound importance to a wide variety of interests within as well as outside the region.

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[94] For further material on the constitutional and administrative aspects of the transition to autonomy see: Lewis H. Thomas, The Struggle for Responsible Government of the North-West Territories, and "The Territorial Public Service", Saskatchewan History, Vol. 2, Spring 1947, pp. 14-18; Chester Martin, "The Colonial Policy of the Dominion".

Municipal development was closely bound up with early capitalist expansion and the rise of local and regional business groupings. Unlike the Territorial government, urban municipalities could issue debentures. Moreover, local municipalities were able to obtain more revenue through their direct taxes on property and incomes than the territorial administration obtained from the Dominion government. By 1903, total municipal tax revenues in the North-West Territories were about $1 million, of which 60 percent was from urban areas. On the other hand, the entire territorial administration received about $1 million from the Dominion and only $120,000 from within the territories (for licenses, fees, and fines).[95]

The first Municipal Ordinance of the North-West Territories was passed in 1883. In 1884, Calgary became the first municipality in Alberta to be incorporated as a town. This was followed by Lethbridge (1891), Edmonton (1892), Macleod (1892), Medicine Hat (1899), and Strathcona (1899). With further growth came the drive for city status. Again, in 1894, Calgary became the first town granted a city charter. Edmonton was granted a charter in 1904 (and Strathcona in 1907); Medicine Hat, Lethbridge, and Wetaskiwin were incorporated cities in 1906. The following gives an overall indication of Alberta's municipal growth in the five years leading to provincial autonomy:[96]

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[95] Eric J. Hanson, Local Government in Alberta, Toronto: McClelland and Stewart, 1956, p. 31.

	Number		Population	
	1906	1901	1906	1901
Cities	5	1	30,119	4,091
Towns	18	6	16,104	9,164
Villages	33	21	11,810	5,734
Townships	1,325	654	114,814	43,686
Indian Reserves	21	21	6,481	6,435
Other areas	28	4	6,084	3,912

The municipal administrations, like other levels of state, were seen as an instrument or lever for promoting private capital accumulation, particularly by local business interests. The first organizations of local businessmen, usually independent merchants and small proprietors, tended to be informal, but in due course the local Boards of Trade (now "Chambers of Commerce") emerged. The first Board of Trade in the entire North-West Territories was established in Edmonton in 1889. In 1890, Calgary saw its first Board of Trade, which had some roots in the Calgary Agricultural Society formed in the early 1880s. Others followed rapidly. By 1900, there were ten Boards of Trade in the Territories.

The general pattern of municipal development--which appears with great clarity--was that prominent local business interests, such as in the form of a local Board of Trade, became the leadership behind municipal incorporations and then took control of the town council, treating it as "their own". The formation of Boards of Trade or other business associations usually predated or at least approximated the incorporation of towns --and sometimes they were initiated for that purpose. However, the formation of business associations was also stimulated by other goals, such as to organize direct pressure for a rail connection or local improvements. Among business interests in the Territories it was primarily local independent businessmen who were leading promoters of incorporations. Indeed, there is evidence to suggest that outside firms actually resisted incorporation, especially if they were large property owners and liable to municipal taxation by a majority they could not control. For example, Elliot Galt, general manager of the North-Western Coal and Navigation Company, by far the largest property holder in Lethbridge, did not permit incorporation as a town until the local Board of Trade agreed to exempt the company's property from taxation.[97]

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[96] Census of the North-West Territories, 1906.

The trend towards the rise of locally and regionally based bourgeois groupings in the North-West Territories was exemplified in Calgary. A study by Paul Voisey of "40 provincial entrepreneurs" of Calgary has given some indication of the importance of local manufacturing in the Calgary bourgeoisie, in particular, in such sectors as cement, meat packing, brewing, flour milling, lumber milling, wood products, bricks, leather manufacturing, canvas and mattress manufacturing, electric power, and construction.[98] Despite the weaknesses of his "elite theory" analysis, Voisey described well certain features of the growth of capitalist activity in Calgary during the period:

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[97] See A.A. den Otter, "Coal Town in Wheat Country: Lethbridge, Alberta, 1885-1905", Urban History Review, No. 1-76, June 1976, p. 5.

[98] Paul Voisey, "In Search of Wealth and Status: An Economic and Social Study of Entrepreneurs in Early Calgary", in A.W. Rasporich and H. C. Klassen, Frontier Calgary, especially pp. 229-230. Even less study has been done on the emergence of the capitalist class in Edmonton and other centres in Alberta, although some useful material is available in, for example, Irene Spry, "The Transition from a Nomadic to a Settled Economy in Western Canada, 1856-96", especially pp. 196ff; J. Burgon Bicker-

> A wildly expanding market between 1900 and 1915 boosted the number of factories to sixty-nine [from 28 in 1891 and 10 in 1901] and the average number of employees to forty-four [from 6 in 1891 and 31 in 1901] . . . . If one uses labour strength as a measure of growth, Cushing Brothers Ltd. employed 225 men by 1914; the Eau Claire Company, 206; P. Burns Company, 350; and Cross's brewery, 142--well above the city average for factories.
>
> But these figures only hint at the rapid pace of expansion. In the case of W.H. Cushing, the capital invested between 1905 and 1910 in his plant soared from twenty thousand to five hundred thousand. He acquired timber rights in British Columbia and elsewhere. He built a new mill in Calgary in 1908; branch factories cropped up in Edmonton, Saskatoon, and Regina. Retail outlets dotted the province. A wider range of building materials was offered for sale, and by 1910 four hundred doors alone tumbled from the home factory each day.
>
> No-one expanded faster than Pat Burns. His plan was to build a fully integrated meat industry. In the first phase, he rapidly acquired twelve huge spreads, which at their peak in 1917 were estimated at 450,000 acres. He bred cattle, fattened them, and slaughtered them. The Calgary plant was enlarged and modernized in 1906. When it burned down in 1913, it was said that Burns gave the command to build a larger one before the flames had died. He processed every kind of domestic animal including poultry, and sold hides, fertilizer, and land as by-products. He bought out rivals across the West and built packing plants in six other cities. Dressed meats went to Burns's cold-storage warehouses and from there to his retail meat stores. In addition, he bought cheese factories and dairies and added wholesale fruit and vegetable outlets to his empire. One of the few prairie manufacturers to crack world markets, Burns opened offices in London, Liverpool, Paris and Yokahama to market his exports.[99]

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steth, *op. cit.*, especially, "A Great City", pp. 99-119; John Gilpen, "The City of Strathcona, 1891-1912", M.A. thesis, University of Alberta, 1977; James G. MacGregor, *Edmonton Trader: The Story of John A. McDougall*, Toronto: McClelland and Stewart, 1963; A.A. den Otter, "Urban Pioneers of Lethbridge", *Alberta History*, Vol. 25, No. 1, Winter 1977, pp. 15-24.

[99] Bud Voisey, "In Search of Wealth and Status", pp. 224-225.

The jump from town to city status in various municipal areas marked a further step in the growth of settlement and capital accumulation, which was becoming increasingly concentrated and centralized. Correspondingly, Boards of Trade and municipal councils, particularly in cities, were reflecting a sharpened differentiation between larger and smaller businessmen and between outside or absentee interests and the local 'independent'. Increasing numbers of corporate professionals, especially lawyers, who had large outside firms as key clients, were also making their appearance. The fierce "bonusing" debates, and the rise of the so-called "reform" movements which attempted to corporatize municipal administration, were indications of these new trends.[100] Further, in the promotion of growth and inter-municipal rivalries, municipal administrations increasingly geared major capital expenditures towards creating an appealing infrastructure for outside investors. The formation of public utilities, such as Edmonton Power (1902) and Edmonton Telephones (1904), and major capital expenditures in roads, bridges, and public buildings, were means of achieving this. The debenture debt of Alberta cities was $1.0 million in 1906, while the Province had none (until 1909) and only $206,872 in expenditures on its capital account.[101] The municipality of Edmonton, alone, issued its first debentures in 1893, and had accumulated a debenture debt of over $92,000 by 1901 and $502,000 by 1906.

The earliest struggles for democracy and self-government in the Territories were led by the Metis and some other sections of the Native population, culminating in the North-West Rebellion, which was essentially a people's democratic resistance to colonialism. After the defeat of the Rebellion in 1885, the main pressures for autonomy came from the emerging local-regional business groupings in the Territories together with certain central Canadian interests, such as the railways and land companies, who could benefit from having provincial governments with powers to build infrastructures through debt financing, to guarantee private debt, and to bestow grants.

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[100] See, for example, Tom Naylor, History of Canadian Business, Vol. II, Chapter XIII; James Anderson, "The Municipal Government Reform Movement in Western Canada, 1880-1920", in A. Artibise and G. Stelter, The Usable Past: Essays on Politics and Planning in Modern Canadian Cities, Toronto: Macmillan Company of Canada, 1979.

[101] E. Hanson, op. cit., p. 32. By 1913, city debenture debt had risen to $41.9 million, as compared to the total provincial direct debt of $15.3 million and guarantees of $37.2 million. Edmonton alone had a total debenture debt of nearly $22.3 million by the end of 1913.

The class interests of workers and farmers were generally identified with the shift in control of lands and natural resources, and the greater democracy that provincial status was anticipated to bring.[102] However, some fears were expressed among those sections of the population, especially the farmers, that provincial autonomy would lead to increased taxes on their relatively meager holdings. Further, both worker and farmer sections of the population had not yet broken with the Liberal party and achieved an independent class-based political party organization. Thus, the strength of the emerging working class and farmers was diffused, divided, and often co-opted into the Liberal Party.

Politically, labour and farm people were a distinctly subordinate force to capital in determining the autonomy arrangement. On the other hand, once there was a sufficiently entrenched and "responsible" settler bourgeoisie, the Dominion government could transfer power without fear of losing control. Moreover, the limited "autonomy" concept was an appropriate demand for a class essentially colonialist, racist in its position towards the Native population, riddled with national chauvinism, and more concerned with advancing particular property interests than with popular democracy.

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[102] Virtually no in-depth study has been done on the socio-economic forces leading to autonomy, although some useful material is available in C. Cecil Linguard, Territorial Government in Canada: The Autonomy Question in the Old North-West Territories, Toronto: University of Toronto Press, 1946.

Some of the early "autonomy" initiatives in the 1890s, such as the formation of Calgary's "Provincial Autonomy Committee" in 1895, were motivated by specific business groupings seeking to place themselves in an advantageous position over their rivals. But with the acceleration of settlement and railway construction between about 1897 and 1905, the often rival autonomy pressures were increasingly consolidated and generalized. Moreover, the escalating demands for intrastructural development were overwhelming the Territorial finances. In 1900, for an area of approximately 400,000 square miles and population of 145,000 (plus 75,000 in the "unorganized" territories), the total Territorial revenue was only $467,185, of which $419,000 was from the Dominion government.

As the main forces for autonomy congealed, several points of division had to be overcome. Briefly, they were: the number of provinces, their borders, and their capitals; the control of Dominion lands; the terms of Dominion financial support to the newly-autonomous province(s); and the question of whether the provincial educational system(s) should permit separate (Catholic) schools.

Of the several issues which emerged during the autonomy struggle there is probably none more revealing of the internal divisiveness and determining role of vested capitalist interests than "the great slice-up" of the North-West Territories. The majority view of the North-West Assembly, including the Conservative Premier F.W.G. Haultain, supported the concept of one North-West province.[103] However, the final autonomy arrangements determined by the Dominion government created two provinces, Alberta and Saskatchewan. For its part, the Laurier Liberal government (1896-1911) feared that a single province might become too powerful relative to other provinces. As well, the pressures of central Canadian capital and the intense local rivalries of emerging territorial capitals were being felt.

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[103] An example of Haultain's defence of the one-province concept is contained in: F.W.G. Haultain and R.P. Roblin, Full text of the Indian Head debate, held at Indian Head, Assa. December 18, 1901, Hon. R.P. Roblin and Hon. F.W.G. Haultain, n.d..

The most intense pressure for the breaking up of the Territory was centered in southern Alberta, particularly Calgary. Its leading spokesman was the Conservative R.B. Bennett, later Prime Minister of Canada and an English Viscount, whose law firm (with James Lougheed) represented the C.P.R. and the Stockgrower's Association among numerous other large interests. Prior to Bennett, R.G. Brett and C.A. Magrath were leading Assembly representatives for provincial autonomy. Brett was a surgeon for the C.P.R. and a member of Banff "society"; Magrath was an executive of the C.P.R.-related North-Western Coal and Navigation Company--and Lethbridge's first mayor.

For the Tory-backed C.P.R., the Liberal-backed Grand Trunk Pacific and Canadian Northern, and other interests promoting railway expansion, provincial status meant greater opportunities for publicly-guaranteed debt financing and grants, as well as more public-funded infrastructure to facilitate settlement and the growth of markets. The railways and outside business generally, faced an internally divided prairie west in which provincial (and municipal) governments could be played off against each other. Established ranching and other business interests in southern Alberta, who feared being swamped by the small-holder majority in the Territories, would be stronger in a separate province. For growing capitalist interests in Calgar y there was greater likelihood in a divided territory of dominating the new province. Calgary interests even expected, not unreasonably, that in a divided Territory they could claim the capital for Alberta. However, Edmonton business interests, who also appeared to favour the division of the Territory, had stronger ties with the Liberal Party and won the designation as capital from the Liberal Dominion government over the Tory-dominated Calgary establishment.[104] It is significant that unlike their opposites in the Calgary Board of Trade, the Calgary Trades and Labour Council supported the one-province concept.

The achievement of autonomy in 1905 did not mean full provincial status in the sense of a status equivalent to that of the older provinces. In particular, Dominion Lands comprising at least 25 million acres for settlement, and additional leasable lands, remained in the control of the Dominion government. The financial terms of the arrangements, which were posed as "compensation" for the loss of Dominion Lands revenues, continued a degree of economic dependency on the Dominion government and did not alter the fact that the use of Dominion Lands--the key means of directing settlement and much economic development--remained outside the control of the province. Nevertheless, the autonomy arrangements did give rise to a provincial state in which regionally based business interests exercised control and rapidly developed a state administrative apparatus and a state-owned economic infrastructure.

The actual autonomy arrangements were not based on any radical democratic pressures or principles such as gave rise to the Red River Rebellion (1869-70) and the Province of Manitoba (1870). Rather, the arrangements represented a balance of power between dominant central Canadian capital and a subordinate "junior partner" developing in the hinterland as both ally and competitor. As ally, it fought to expand capitalist development, including through the encouraging of outside capital; as rival, it sought to gain "a leg up" on central Canadian capital and propel itself into top level Canadian--and later, international--business circles.

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[104] A key figure in the decision was Frank Oliver, an Edmonton publisher, Liberal M.P. (1896-1917), and Minister of the Interior under Laurier (1905-11).

Chapter Seven

The Impact of Monopoly Capitalism

> Private capital tends to become concentrated in few hands, partly because of competition among the capitalists, and partly because technological development and the increasing division of labour encourage the formation of larger units of production at the expense of smaller ones. The result of these developments is an oligarchy of private capital the enormous power of which cannot be effectively checked even by a democratically organized political society. This is true since the members of legislative bodies are selected by political parties, largely financed or otherwise influenced by private capitalists who, for all practical purposes, separate the electorate from the legislature. The consequence is that the representatives of the people do not in fact sufficiently protect the interests of the underprivileged sections of the population. Moreover, under existing conditions, private capitalists inevitably control, direct or indirectly, the main sources of information (press, radio, education).
>
> Albert Einstein (1949)

The next major stage in the development of capitalism in Alberta came with monopoly capitalism, the "economic essence" of modern imperialism. The rise of monopoly capitalism at the world level and the principal types of monopoly it manifested (in production, control of raw material sources, banking, and control of 'economic territory'[1] have had a profound

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[1] Lenin's analysis suggested there were: "four principal types of monopoly, or principal manifestations of monopoly capitalism, which are characteristic of the epoch of imperialism . . .

Firstly, monopoly arose out of the concentration of production at a very high stage. This refers to the monopolist capitalist associations, cartels, syndicates, and trust. . . .

Secondly, monopolies have stimulated the seizure of the most important sources of raw materials. . . .

Thirdly, monopoly has sprung from the banks. The banks have developed from modest middlemen enterprises into the monopolists of finance capital. . . . A financial oligarchy . . . throws a close network of impact on Alberta's development. This chapter and Chapter Eight considers certain economic aspects of that impact by treating, in turn, the five essential features of imperialism outlined in Lenin's Imperialism (1916).[2] Chapter Seven treats the first feature; Chapter Eight treats the remaining four features.

The Rise of Monopoly in Production

Monopoly grows out of the general process of concentration and centralization of capital characteristic of all levels of capitalist development. The main economic result is the concentration of production, that is, fewer enterprises producing a larger share of an economy's commodities. Although the process usually brings about a concentration of wage-labour, typically into large-scale enterprises, the concentration of capital is greater than the concentration of wage-labour since larger capitals can obtain greater productivity of labour through economies of scale

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dependence relationships over all the economic and political institutions of present-day bourgeois society without exception. . . .

Fourthly, monopoly has grown out of colonial policy. To the numerous 'old' motives for colonial policy, finance capital has added the struggle for the sources of raw materials, for the export of capital, for spheres of influence, i.e., for spheres for profitable deals, concessions, monopoly profits and so on, economic territory in general." (Lenin, "Imperialism", pp. 298-299.)

[2] Summarizing the five features, Lenin listed: "(1) the concentration of production and capital has developed to such a high stage that it has created monopolies which play a decisive role in economic life; (2) the merging of bank capital with industrial bank, and the creation, on the basis of this 'finance capital', of a financial oligarchy; (3) the export of capital as distinguished from the export of commodities acquires exceptional importance; (4) the formation of international monopolist capitalist associations which share the world among themselves; and (5) the territorial division of the whole world among the biggest capitalist powers is completed." (Ibid., p. 266.) See also Appendix II.

and the application of costly technology.[3]

Among the most decisive events in the rise of monopoly were the combination movements and the merger movements.[4] As early as the 1880s, Canada experienced combination movements,[5] but the most decisive advance of monopoly appeared during the first decade of the 20th century. In opening his History of Canadian Wealth (1914), Gustavus Myers declared:

> The rapid concentration of wealth in Canada is no mere fancy. Already it is estimated, less than fifty men control $4,000,000,000, or more than one-third of Canada's material wealth as expressed in railways, banks, factories, mines, land and other properties and resources.[6]

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[3] In this context, "monopoly" is understood to include what is sometimes characterized as "oligarchy". The absolute measure of concentration of capital and wage-labour is in value-terms, that is, constant capital (c) and variable capital (v) determined in units of labour-time. In practice, the value of capital and the wage-bill in money terms is a reasonable, if rough, absolute measure of concentration.

[4] The notion of "combination movement" has been used in both 'narrow' and 'broad' senses. Understood narrowly, combinations refer to "restraints on trade", such as price-fixing, cartelization of markets, etc.; in this sense, combinations do not include mergers, particularly horizontal mergers. Understood broadly, combinations include mergers. However, the two are closely related, making the narrow interpretation somewhat restrictive. Combinations have often appeared as temporary 'truces' in the competitive struggle among capitals, sometimes even with the support of state regulation. But with the breakdown of such 'agreements', as in times of intense rivalry, merger often appears as "the final solution" to achieving a combination. Thus, combinations whether narrowly or broadly defined can be viewed as a type of practice indicative of the trend to monopoly.

[5] For some limited studies of the early combination movement, see Michael Bliss, "Another Anti-Trust Tradition: Canadian Anti-Combines Policy, 1889-1910", in Glenn Porter and Robert Cuff (eds.), Enterprise and National Development: Essays in Canadian Business and Economic History, Toronto: Hakkert, 1973; and A Living Profit: Studies in the Social History of Canadian Business, 1883-1911, Toronto: McClelland and Stewart, 1974, Chapter 2 ("The Flight from Competition").

[6] G. Myers, op. cit., p. xxxi.

As indicated in his 1913 article on Canada, Myers was probably relying on a piece printed in the Grain Growers' Guide published in Winnipeg.[7]

Another contemporary of Myers, H. Percy Scott, argued in 1914 that:

> The first great movement of the corporations towards combines began to be noticed in 1897. There had been previous schemes in this direction, spying out the land as it were, but the weapon was not completely forged until the above year. Since then the mode of operation has been perfected, and its extent is simply world-wide, free trade no less than protectionist countries being subject to its exactions.[8]

Scott focused on the rise of prices. Citing Prof. Irving Fisher for support, he pointed out, in particular, a contradiction in the rapid escalation of food prices: the price increases did not reflect growing scarcity, since production was "constantly increasing by leaps and bounds", but "a subtle change in the ownership of food."[9] He also observed the "growth of the few millionaires, coincidentally with the impoverishment of the masses", and called for study of the phenomenon, but did not offer a definable theory as such.[10] Scott's contention that the process developed in free trade as well as protectionist countries coincided with that of Lenin, although the latter considered protection actually accelerated the process.[11]

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[7] See Gustavus Myers, "Agrarian Discontent in Canada", The New Review, September 1913, p. 742. Lenin refers briefly to the article by Myers (misspelled "Meyers") in his "Notebooks on Imperialism", under the title "The Labour Movement in Canada", Vol. 39, pp. 593-594. The article is probably the only material dealing wholly with Canada read by Lenin in research for "Imperialism".

[8] H. Percy Scott, The New Slavery, Toronto: William Briggs, 1914.

[9] Ibid., pp. 83-84.

[10] Ibid., p. 85. As a populist "trust-buster", Scott strongly advocated the building of the "Consumers' Guild" in Canada and its crusade against "the rule of the trusts".

[11] V.I. Lenin, "Imperialism", p. 199.

Monopoly concentration occurred not only within the markets for particular commodities, especially those which played an important role in economic development, but among markets. Citing the German economists Rudolf Hilferding and Hans Gideon Heymann, Lenin pointed to the phenonemon of "combined production" (in modern parlance, "vertical integration") which could squeeze 'pure' (or non-combined) enterprises by maintaining high input prices and low finished good prices.[12] Thus, both "horizontal" and "vertical" forms of monopoly must be considered in determining the full significance of the rise of monopoly capitalism.

The monopolist "Consolidation Movement" and the rise of monopoly--"big business"--in Canada has had relatively little concerted study,[13] although some of its broad outlines are becoming apparent. Evident in the following table, as measured by the extent of "consolidations",[14] is the fact that there was a major burst of concentration in the 'boom' years leading to World War I, as well as later in the 1920s.

The general pattern of capitalist accumulation is also partly indicated

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[12] Ibid., p. 198. As well, some particular techniques of 'throttling' rivals were listed. See p. 206.

[13] One major exception has been in the work of Gustavus Myers. See also: H.G. Stapells, "The Recent Consolidation Movement in Canadian Industry", M.A. thesis, University of Toronto, 1927; Royal Commission on Price Spreads, Report, Ottawa: King's Printer, 1935, especially Chapter III and Appendix III; Tim Buck, "The Evolution of an Imperialist Power", in Canada: The Communist Viewpoint, Toronto: Progress Books, pp. 37-88 and Appendices; Ernest A. Epp, "Cooperation Among Capitalists: The Canadian Merger Movement, 1909-13", Ph.D. thesis, Johns Hopkins University, 1973; Tom Naylor, The History of Canadian Business, especially Vol. II, Chapter XIV.

[14] The methods of consolidation included the following means: the formation of holding companies, amalgamations, and mergers. (Royal Commission on Price Spreads, op. cit., pp. 28-29.)

Table 7.1

Number of Consolidations in Canada by Years, 1900-1933

Year	Number of Consolidations	Number of Concerns Absorbed	Year	Number of Consolidations	Number of Concerns Absorbed
1900	2	19	1917	3	10
1901	-	-	1918	2	6
1902	1	46	1919	1	2
1903	-	-	1920	2	8
1904	1	2	1921	5	8
1905	1	4	1922	4	4
1906	3	11	1923	7	38
1907	-	-	1924	15	29
1908	-	-	1925	20	68
1909	9	51	1926	25	70
1910	22	112	1927	31	95
1911	14	44	1928	68	195
1912	13	37	1929	62	149
1913	5	16	1930	25	65
1914	2	4	1931	11	20
1915	4	10	1932	6	13
1916	2	2	1933	8	8
			Total	374	1,145

Source: Royal Commission on Price Spreads, *Report*, p. 28.

in the above figures. That is, in periods of expansion ('boom'), with accelerating production, lower interest rates, increases in industrial capacity, the opening of new markets, etc., there is a corresponding growth in the concentration of production as enterprises attempt to 'capture new ground'. However, the more rapid growth of production relative to consumption, leads to a crisis of overproduction. This is followed by a collapse ('bust') in which the smaller and less efficient firms are forced to retire from particular fields of production or to go bankrupt, thus leaving monopoly in an ever stronger position.

The development of monopoly in Canada is complicated by the history of colonial monopolies. In certain respects, monopolies found Canada a fertile field in which to develop; areas such as the Prairie West have seen an unbroken dominance of various forms of monopoly. However, the particularly capitalist character of modern monopoly and its great power over the non-monopolist enterprises that did emerge in Alberta during the 1880s, 1890s and 1900s, was a new and decisive phenomenon.

The growth of monopoly in the western interior was evident throughout the history of the C.P.R., but the building of the Crow's Nest Pass line to capture the mineral wealth of the Kootenays (1897) began a new phase of aggressive expansion. Another wave of railway expansion initiated by the Canadian Northern and Grand Trunk Pacific confirmed that a new era had dawned. If any doubt remained, then the 'great' consolidation or merger movement which broke out in Canada between 1909 and 1913 proved that monopoly had come to dominate the "commanding heights" of Canada's economy.[15]

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[15] While some useful descriptive work has been done, notably in the mammoth 700-page thesis of Ernest Epp, the surface of the problem has hardly been scratched. More precise datings of the appearance of monopoly capital, including the merger movement itself, will have to await the day

Ernest Epp argues that this merger movement occurred later than the comparable movements in Britain and the United States, but that the Canadian movement had a similar character to those in the other two more developed economies.

> The Canadian merger movement of 1909-13 occurred almost exactly a decade after the American and British ones, but it was otherwise strikingly similar to both of the earlier movements. Whereas the American movement included some 207 mergers and the British one, 82 . . . the Canadian movement totalled 106 mergers. Almost one-third (35) of these 106 mergers occurred in one year (1910) and almost one-quarter (25) more during 1912; the movement thus also had two peaks with the other totals being 3 in 1909, 21 in 1911, and 17 in 1913. When these mergers are classified by industry as the American and British ones were . . . the structure of mergers in the Canadian movement can also be seen to have been similar to the earlier movements.[16]

An important general observation one can make about the formation of monopoly in Canada is that most of the early monopolies were organized in central Canada, often under the impetus of competition from the U.S., then expanded to western Canada as a means of capturing the control of new markets and sources of supply. Further, there have been only three principal countervailing tendencies to the dominance of the early production monopolies

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when thorough sectoral and general analyses have been completed. This is especially the case with regard to the relations of wage-labour and capital, which are fully neglected in Epp, Naylor, and the few other academic writers on this subject.

[16] Ernest Epp, op. cit., pp. 162-163. The merger movement of the years prior to 1909 also receives some attention from Epp (pp. 164-175), which contributes to the picture of the 1909-1913 movement as being the culmination rather than the initiation of the process. The figures provided by the Royal Commission on Price Spreads (Table 7.1) differ from those of Epp; the latter's scope is somewhat larger.

formed in the established markets of eastern Canada: first, in sectors with sizeable local or regional markets, a high degree of natural protection, such as occurred in meat packing; second, in sectors with local, regional and/or extra-regional markets, state ownership or other intervention, such as occurred in some utilities; and third, in sectors with local, regional and/or extra-regional markets, the obtaining of local or regional monopolies over natural resource supply, such as occurred in oil and gas development. In addition, there have been some related but dependent industries, in sectors such as construction, which have developed as part of the extended process of production of particular commodities. Nonetheless, as natural protection has been removed, particularly by improvements in transportation and communications, the second and third tendencies have come increasingly to the fore, hence, the growing prominence of the role of the state and struggle over property relations in the control of natural resources.

The Tendency to Monopoly Concentration in Certain Sectors

While the early development of some sectors has been treated briefly in the previous chapter, the rise of monopoly in key sectors deserves special consideration. The central role of the railways, to which the following are related, will not be treated separately, but mentioned as we proceed, then summarized later. Identifying other key sectors poses some problems, since the statistics, such as for the value of production in total and by sector for pre-1920s Alberta, are neither detailed nor comprehensive. Table 7.2 gives some rough magnitudes for production in a few selected industries:

Table 7.2

Gross Value of Production in Alberta for Selected Industries, 1901-1926
(in millions of dollars)

Year	All agricultural production	All mineral production	(Coal production)	All industries (manufacturing)	(Flour mills)	(Slaughtering & meat packing)	(Breweries)
1901	8.0	-	.9	1.3	-	-	-
1906	16.4	4.7[a]	2.6	5.0	1.1	-	.4
1911	48.4	6.7	4.0	18.8	2.5	-	1.0
1916	155.6	13.3	11.4	29.4	6.6	-	.8
1921	136.4	30.6	27.2	60.1	15.1	-	4.0
1926	263.9	27.0	20.9	83.4	17.6	15.1	5.1

[a] For 1907

Source: Alberta, Publicity and Statistics Bureau, Statistics of Progress, Edmonton: King's Printer, 1929, pp. 41, 46, 127, 134, 144, 145, 148. Supplemented with Bureau of Statistics, Alberta Facts and Figures, Edmonton: King's Printer, 1950, and the Canada Year Book.

In addition to the non-agricultural industries listed above, such industries as electric power, cement, bakery and dairy products, garments, lumber products, construction, and transport played an important role, although one more difficult to quantify. For practical purposes, the consideration of the growth of monopoly will be limited to the following sections: flour milling, meat packing, brewing, cement making, electric power production, telephones, and coal mining. Since the agricultural implements industry was important to Alberta agriculture but hardly developed in Alberta itself, this industry will be considered as an example of monopolization in an industry where production has been concentrated almost entirely outside the province.

Flour milling. The earliest milling operations in Canada appeared in the St. Lawrence region and other parts of central Canada. It was in the late 1800s that these small-scale and often scattered operations underwent a dramatic period of centralization and concentration. With the accelerating production of Prairie grain growers, various groupings of milling interests in central Canada combined to take control of the milling in the newly established grain producing areas. Epp comments that: "The greatest flour millers, as suppliers of both the domestic and foreign demand for flour, had seized the opportunity for large-scale enterprise by linking purchase of western supplies of grain with their central Eastern Canadian and overseas markets."[17] As a reflection of monopoly trends, the following corporate reorganizations took place between 1902 and 1912:[18]

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[17] E. Epp, op. cit., p. 204.

Year	New Company formed
1902	Ogilvie Flour Mills Company
1903	Lake of the Wood Milling Company
1904	Maple Leaf Flour Mills Company
1905	Western Canada Flour Mills Company
1910	St. Lawrence Milling Company
1910	Maple Leaf Milling Company
1910	Canadian Cereal and Milling Company
1911	International Milling Company of Canada
1911	Canada Flour Mills Company
1912	Canadian Cereal and Flour Mills Company

By the years of World War I, a few large milling companies effectively dominated grain milling in Canada, and continued to do so thereafter. The principal companies listed according to their milling capacity in barrels per day were:[19]

Company	Capacity (barrels per day)	
	1915	1927
Ogilvie	12,000	20,000
Maple Leaf	15,000	20,100
Lake of the Woods	11,500	20,100
Western Canada	10,000	10,000
International	8,500	13,100
St. Lawrence	2,500	2,700

The Ogilvie Flour Mills Co. was closely associated with the Bank of Montreal and C.P.R.. For example, the President of Ogilvie Company, Charles

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[18] Ibid., p. 208. The reorganizations representing mergers are underlined.

[19] Ibid., Table 15, pp. 236-237. In 1923, the daily flour milling capacity was 123,225 barrels from 1,333 mills, 110,000 barrels (86 per cent) of which was attributed to 163 "merchant mills", and the other 18,225 barrels to 1,170 mills. Epp estimates that almost 60 percent of Canada's flour capacity was controlled by the six large companies (p. 237).

Rudolph Hosmer (appointed in 1902), had worked in the C.P.R. and was appointed to the board of the Bank of Montreal in 1908. In 1912-13, Ogilvie constructed a mill having a 2,000 barrel per day capacity at Medicine Hat. A typical approach by the outside companies was to buy out an existing operation or at least take majority control. For example, in 1905, Alberta Milling Company Limited was established in Edmonton by a group of Edmonton capitalists under the leadership of the lumber merchant and manufacturer, D.R. Fraser. But in 1923, the local company sold its mill and other assets to Ogilvie Flour Mills. Nonetheless, this was a longer period of 'independence' than occurred for many locally-based enterprises.

Like the Ogilvie Company, the Lake of the Woods Milling Company followed closely the westward development of the C.P.R.. Indeed, the Lake of the Woods Company was originally formed in 1887 two years after the completion of the C.P.R.,[20] and was also closely associated with the Bank of Montreal through its President (until 1911), Robert Meighen, the brother-in-law of George Stephen. In 1914, the Lake of the Woods Company took over the Medicine Hat Milling Company. The latter had been incorporated in 1902 with shares divided between two local businessmen and J.M. McNeely of Collingwood, Ontario, who took a majority ownership in 1907. The Lake of the Woods Company was eventually taken over by the Ogilvie Company.

One of the companies most aggressive in taking over the early local milling and elevator firms was the Alberta Pacific Grain Company (1902). In 1904, the Farmers' Elevator Company of Carstairs was formed by a group of local farmers and merchants; by 1908 it had been 'absorbed' by the Alberta Pacific Elevator Company, a company associated with the Alberta

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[20] For further details see Ernest Epp, "The Lake of the Woods Milling Company: An Early Western Industry", in H.C.Klassen (ed.), The Canadian West, pp. 147-162.

Pacific Grain Company. In 1905, the Blackfalds Milling Company was incorporated by local farmers but, due to stringency of money and competition from rival concerns, had sold to the Red Deer Mill and Elevator by 1910. The latter was taken over by the Alberta Pacific Elevator Company in 1911. In 1905, four local businessmen in Fort Saskatchewan and Strathcona incorporated the Alberta Meat and Packing Company. By 1911, the firm was taken over by Alberta Pacific Grain Company interests who included A.J. Sayre of Calgary.

Through figures like Sayre and the Bennett law firm in Calgary, the Alberta Pacific interests represented a junior partnership with U.S. capital. By the 1930s, the Alberta Grain Company owned 375 country elevators, grain terminals at Vancouver, and the Atlas Flour Mills Company, also at Vancouver. Federal Grain Limited of Winnipeg was organized in 1929 to acquire as going concerns nine grain companies. In 1943, Federal Grain took complete ownership of the Alberta Pacific Grain Company. The directorates of Federal Grain Limited, the Maple Leaf Milling Company, the Alberta Pacific Grain Company, and the Northland Elevator Company were interlocked.[21]

The close ties between milling and elevator corporations have long been evident.[22] For example, the Federal Grain Company mentioned above acquired the country elevators operated by the Maple Leaf Milling Company; again, both companies were held by similar interests.[23] There was also vertical integration into the bakery field. In 1925, Maple Leaf Milling acquired a group of bakeries in western Canada through Canadian Bakeries, Ltd., an associated firm. The Lake of the Woods Milling Company controlled the Inter-City Western Bakeries, Ltd., whose branches were in western Canada.[24]

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[21] D.A. MacGibbon, The Canadian Grain Trade, 1932, Chapter XXII, and The Canadian Grain Trade, 1931-1951, p. 201.

[22] See V.C. Fowke, The National Policy and the Wheat Economy, p. 117n.

[23] D.A. MacGibbon, The Canadian Grain Trade, 1932, p. 408.

The 'smaller' milling companies were also active in Alberta. International Milling,[25] a U.S.-controlled company, acquired the Calgary Milling Company in 1912. The Calgary Milling Company, one of the earliest incorporations in Alberta, was formed by four Calgary businessmen in 1899. Western Canada Flour Mills gained control of the Western Canada Milling Company, a local Calgary company incorporated in 1905, by taking over the Brackman-Ker Milling Company, which itself had taken over Western Canada in 1912. Western Canada was also into bakeries through its Purity Baking Company.[26]

While an almost unending series of takeovers and corporate entanglements could be documented in this and other industries in order to detail the structure of ownership, the dynamic forces underlying monopoly trends must not be overlooked.[27] Primarily, it was the strategic rivalry of various enterprises in their drive for surplus value which led to the early growth of monopoly; in essence, competition gave rise to monopoly--and continues to do so.

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[24] Ibid., p. 408.

[25] Later, the International Milling Company appeared as Robin Hood Mills.

[26] D.A. MacGibbon, The Canadian Grain Trade, 1932, p. 408.

[27] A related and trenchant criticism, especially in view of many current economic and sociological treatments of structures of interlocking directorships, was emphasized by Lenin: "What then does this catchword 'interlocking' express? It merely expresses the most striking feature of the process going on before our eyes. It shows that the observer counts the separate trees, but cannot see the wood. It slavishly copies the superficial, the fortuitous, the chaotic. It reveals the observer as one who is overwhelmed by the mass of raw material and is utterly incapable of appreciating its meaning and importance. Ownership of shares, the relations between owners of private property 'interlock in a haphazard way'. But underlying this interlocking, its very base, are the changing social relations of production. When a big enterprise assumes gigantic proportions, and, on the basis

The rivalry was not without its crises and large-scale casualties. In the milling industry, for example, the investment in milling increased so rapidly during the 1909-13 merger movement that, by 1912, the milling capacity in Canada was four times domestic consumption[28] and the milling companies were increasingly dependent on the export trade. This sharpened rivalry, which brought about overexpansion, led to a crisis. One major firm, Canadian Cereal and Milling, was facing bankruptcy by 1912.

Meat Packing. The case of meat packing has similarities with flour milling in that there was a movement of interests from Ontario to consolidate strategic positions in the west. But meat packing also has special significance since it is one of the few industries in which an Alberta-based monopolist arose--Burns Foods Ltd.. The other two of the present day "big three", Canada Packers Ltd. and Swift Canadian Co., arose in Ontario and the U.S., respectively.

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of an exact computation of mass data, organises according to plan the supply of primary raw materials to the extent of two-thirds, or three-fourths, of all that is necessary for tens of millions of people; when the raw materials are transported in a systematic and organised manner to the most suitable places of production, sometimes situated hundreds or thousands of miles from each other; when a single centre directs all the consecutive stages of processing the material right up to the manufacture of numerous varieties of finished articles; when these products are distributed according to a single plan among tens and hundreds of millions of consumers (the marketing of oil in America and Germany by the American oil trust)--then it becomes evident that we have socialisation of production, and not mere 'interlocking'; that private economic and private property relations constitute a shell which no longer fits its contents, a shell which must inevitably decay if its removal is artificially delayed, a shell which may remain in a state of decay for a fairly long period (if, at the worst, the cure of the opportunist abscess is protracted), but which will inevitably be removed." ("Imperialism", pp. 302-303.)

[28] O.D. Skelton, General Economic History of the Dominion (1913), p. 253.

The Swift Company of the U.S. had moved into Canada as early as 1902 with the takeover of Fowler's Canadian Company of Hamilton. In 1906, Swift's extended into western Canada with the takeover of J.Y. Griffin and Company of Canada. In 1907, development began on an Edmonton plant.[29]

Another one of the largest firms before World War I, was Gordon, Ironside and Fares Company of Winnipeg, which obtained Dominion incorporation, and registered itself as a "foreign company" in the North-West Territories in 1902. Gordon, Ironside and Fares was closely associated with the C.P.R.. In 1906, it controlled 75 percent of the cattle exported from Canada, managed the C.P.R.'s own stockyards, and was involved in market sharing arrangements and price maintenance.[30] As emphasized by Naylor, the result of price maintenance in the buying of cattle from farmers, and the existence of integration between cattle dealing and meat packing was that:

> . . . butchers who did their own buying slaughtering, and retailing could make 46% profit and still retail cheaper than the big abattoirs sold wholesale. The problem was to find such an independent firm. In 1908 the big abattoirs were recording profits of up to 60%. What the real rate of profit was, after allowance for manipulation of transfer prices, is impossible even to begin to estimate.[31]

Two large Ontario-based operations, the William Davies and Harris Abattoir Companies, were operating closely together by the 1920s--J.W. Flavelle was president of both. The two later became the nucleus of Canada Packers (1927).

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[29] See E. Epp, "Cooperation Among Capitalists", pp. 603ff.

[30] Tom Naylor, The History of Canadian Business, p. 168. Naylor writes that the company "adopted the rather modern trick of paying higher prices on cattle 'bought' from their own ranches than from independents to hide their profits." (p. 168.)

[31] Ibid., p. 168.

The Burns Company grew as an integrated operation. It also appeared very early in Alberta's development, when transportation costs and limited technique in refrigeration gave it an advantage in the Crow's Nest Pass area, where construction and mine development created the first major market for food processing industry in Alberta's development. Patrick Burns migrated from Ontario to Alberta in the 1880s, entered ranching and livestock dealing, and acquired his packing house in 1894.[32] By the 1920s, Burns had ownership of over a dozen ranches, meat packing plants at Calgary, Strathcona, Wetaskiwin, and Vancouver, and a network of over 100 retail shops. He was also into wholesale fruit depots (17 in 1930), and creameries (more than 40 in 1927), which were evolved into Palm Dairies.

The process of monopolization took a little longer to arise in meat packing than in flour milling, but by the late 1920s, with the appearance of the 'big three', the process had matured. As this suggests, the development of monopoly is by no means precisely synchronized in all spheres of production, although its general advance has appeared more strongly in certain periods than in others.

Brewing. According to Epp, brewing in Canada was transformed between 1909 and 1912 by two different regional reorganizations.[33] The first was the reorganization of National Breweries (1909) in Quebec, which had a cartel arrangement with the Molson family operations;[34] the second was the formation of British Columbia Breweries (1911). However, the process of monopolization in brewing, as in meat packing, did not come to full maturity until later.

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[32] Ibid., p. 167. For a more detailed but uncritical account of Burn's life see Albert Frederick Sproule, "The Role of Patrick Burns in the Development of Western Canada", M.A. thesis, University of Alberta, 1962.

[33] E. Epp, "Cooperation Among Capitalists", p. 612ff.

[34] For more on the Molson family operations see Merrill Denison, The Barley and the Stream: The Molson Story, Toronto: McClelland and Stewart, 1955, especially Chapter XV. For more on the growth of E.P. Taylor's Canadian Breweries and the Argus grouping of finance capital, particularly the takeover of National Breweries, see Libbie and Frank Park, Anatomy of Big Business, Chapter VII.

The main brewery activity in Alberta was at Calgary, Lethbridge, and Edmonton. In Lethbridge, a brewery was started around the turn of the century by Fritz Sick, who incorporated it as the Lethbridge Brewing and Malting Company in 1904. In 1905, Sick bought out an existing Lethbridge soft drink and aerated water partnership, T.W. Kean and Company. Sick's Lethbridge Brewery was the "pioneer unit" of what became Associated Breweries Company in about 1927.

The expansion of Sick's holdings involved taking over the Edmonton Brewing and Malting Company. The latter was incorporated in 1904 by some Edmonton capitalists, such as W. Sheppard, to take over the partnership of Adolf Fisher and W.E. Lines of the same name. Within three years, non-local interests, including some from B.C. and Montreal, had holdings in the company, although it was not until after World War I that the Sick's company completely absorbed the operation. Associated Breweries expanded into Prince Albert, Regina, and Vancouver, as well as into the northwestern U.S.. Eventually, Sick's son Emil moved his headquarters to Seattle and, in the 1950s, Molson's took over the Lethbridge and Edmonton breweries.

In Calgary, the Calgary Brewing and Malting Company was organized by W.R. Hull, A.E. Cross, and M.H. Cochrane as early as 1895 and emerged as an important brewery in Alberta. However, after World War II it was absorbed by E.P. Taylor's Canadian Breweries (Carling-O'Keefe) organization. The other major brewing company, John Labatt Ltd., was first established in the Ontario area (1832) and emerged as a major monopoly out of several expansions based in that market. Labatt's were not producing directly in Alberta until the company completed a new plant in Edmonton in 1964.

Cement making. The organization of production of Portland cement was greatly affected by regional market conditions, since the weight of cement prevented profitable marketing outside a relatively small area. The Alberta Portland Cement Company and the Western Canada Cement and Coal Company were established in 1905 to build plants at Calgary and Exshaw, respectively. The Alberta Portland was backed by Toronto interests with the leading Toronto coal merchant, E.R. Wood, as president. The Western Canada was associated with the International Portland Cement Company through Sir Sandford Fleming of Montreal.

As a result of rapid rival expansions, the International Portland Cement Company and its main rival, the Ontario-based Canadian Portland Cement Company, were suffering from a crisis of excess capacity by 1910. In 1909, the Canada Cement Company was incorporated with a capital of $30 million, the highest of any then authorized in Canada.[35] The Canada Cement 'reorganization' included the Alberta Portland Cement Company and, in 1910, an attempt was made to take over the weakened Western Canada Company's Exshaw plant. The takeover succeeeded, thus completing a series of financial manipulations and pressures behind which was the Montreal-based finance capitalist, Max Aitken (Lord Beaverbrook). The monopolization in cement production was directly related to a similar process in electric power generation, in particular, the establishing of Calgary Power. Some indication of the character of the dealings involved are given in the following passage:

> Thus it transpired that at the same time as Max Aitken was putting together the huge Canada Cement consolidation in October and November of 1909, he was also busy launching the Calgary Power Company in Mon-

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[35] E. Epp, "Cooperation Among Capitalists", p. 469.

> treal. His Royal Securities Corporation agreed to take up to $3,000,000 of the new company's bonds at 85, whereupon, in a complicated series of transactions, Calgary Power bought Calgary Power and Transmission from Smith and Chase in January, 1910, for a total of $70,000 cash and an unknown quantity of stock, probably about $1,000,000 worth. An agent for Royal Securities assigned the Radnor waterpower and the Exshaw and the Alberta Portland Cement contracts to the new company. In return for this underwriting, Royal Securities received--over and above the discount on the bonds--$1,850,000 in stock (the bulk of which would be distributed to the underwriting syndicate pro rata with the bonds), $30,000 in cash, plus all the expenses incurred in the organization and financing of the company. C.C. Giles of Aitken's Montreal Engineering Company, discovered in reading the fine print of this agreement that Royal Securities was owed a further $300,000 of stock in Calgary Power for the Radnor waterpower transfer. "I wish to bring to your attention", Giles wrote to his chief, "that the Royal Securities Corporation will be in effect receiving this $300,000 for nothing . . . ." It is no wonder that years later Lord Beaverbrook warmly recalled how these utilities promotions made Royal Securities in his words, "a tremendous money spinner".[36]

Electric Power Generation and Telephones. Both electric power generation and telephones illustrate the role of the state as a regional countervailing force in the development of monopoly. In the case of electric power, the political weakness of the Calgary City Council led, as has been mentioned in Chapter 6, to the takeover of power generation by the Calgary Power monopoly. However, in the other centres different results prevailed.

In the case of Edmonton, electrical generation began as early as 1891 when the local Edmonton Electric Lighting and Power Company of Alex Taylor initiated production. When Taylor's ten-year franchise with the Edmonton municipality expired, the municipality took over the company to make it a public utility. Except for 2½ years between 1916 and 1919, when Edmonton Power was leased to the Alliance Power Company, the utility remained under municipal ownership and control.

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[36] Christopher Armstrong and H.V. Nelles, "Competition vs. Convenience: Federal Administration of Bow River Waterpowers, 1906-13", in H.C. Klassen (ed.), The Canadian West, pp. 167-168.

In Lethbridge, the Lethbridge Waterworks and Electric Light Company was incorporated by N.W.T. ordinance in 1890, mainly by local Lethbridge businessmen. The utility became the Lethbridge Electric Company in 1902, but in 1908, it was taken over by the City of Lethbridge. The utility remained under municipal ownership until recently, when it was sold to Calgary Power. In Red Deer, Western General Electric, was incorporated in 1904 to provide electric power. The largest shareholding was held in Toronto; outside monopoly interests had arrived very early. In 1926, Western General Electric sold their holdings as the "Electric Light Company" to the City of Red Deer. Later, however, the public utility in Red Deer fell into the hands of Calgary Power.

In many other towns and cities, such as Pincher Creek (municipal Water and Light Company, 1905), Okotoks (The Okotoks Electric Company, 1905), Macleod (The Macleod Electric Light and Power Company), utilities were started by local interests either alone or together with outside interests. Several resisted the pressures of outside monopolization by means of municipal ownership, but most succumbed. Today, Edmonton Power, the second largest power utility in Alberta, is still subjected to monopolist pressures from Calgary Power, and generally the relationship is one of collaboration rather than serious rivalry. Edmonton Power remains the only major publically-owned power utility in Alberta; the third largest company, Alberta Power, is owned by U.S. monopoly interests through International Utilities,

In telephones, the story was even shorter. Although Bell Telephones had made some early moves into the Alberta area, there were also local companies established. Alex Taylor initiated the first telephone operation in Alberta, between Edmonton and St. Albert, in 1885. Taylor developed a system which was taken over by the City of Edmonton in 1904 to become Edmonton Telephones. Other centers also saw early local telephone enterprises, particularly Blairmore (The Alberta Telephone Company, 1902) and Red Deer (The Western Telephone Company, 1902). However, in 1907 the Alberta government built some of its own trunk lines and, in 1908, took over the Bell Company holdings in the Province. Since that time, Alberta's telephone system has been developed as the provincially-owned Alberta Government Telephones, except for the municipally-owned Edmonton Telephones in Edmonton. These utilities are notable Alberta examples of local and regional state capitalist enterprizes.

Coal Mining. The coal mining industry was of exceptional importance in the early development of Alberta, and illustrates several particular characteristics of that development. From the outset, the coal industry revealed the close ties between railway and mining development. The railways were the major market for coal, especially bituminous coal. Although figures are imprecise, it appears that at least about 70 percent of the coal from bituminous mines, and at least about one-third of total production prior to "dieselization" beginning in the late 1940s, went to railway use.[37] Consequently, the development of the coal mining industry was closely tied to the growth of railways. The beginnings of 'commercial' mining appeared where the railway appeared, and with the rise of monopoly the advance of capitalist mining was accelerated: Medicine Hat (1883), Lethbridge (1886), Canmore (1888), Edmonton (1891), Frank and Blairmore (1900), Bankhead and Coleman (1903), Carbon and Three Hills (1906), Tofield (1907), Brazeau and points on the Canadian Northern and Grand Trunk Pacific

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[37] See Alberta Coal Commission, Report, 1925, Edmonton: King's Printer, 1926, pp. 120-121; A.A. den Otter, "Railways and Alberta's Coal Problem, 1880-1960", in A.W. Rasporich (ed.), Western Canada Past and Present, p. 94.

Railways west of Edmonton--the "Coal Branch"--(1910), Drumheller (1911).[38]

One important element of the development of monopoly was that monopolist mergers and associations were often formed to unite capital against labour so as to weaken the position of organized and unorganized labour, thereby increasing the rate of exploitation of wage labour. It is significant that in December 1906, seven companies operating coal mines in Alberta and B.C. formed the "Western Coal Operators' Association" with the expressed purpose of "the protection through combined action of its members, of their interests in wage agreements, prices, and other matters of common concern."[39] These companies included most of the large coal companies with two notable exceptions, the Alberta Railway and Irrigation Company (Lethbridge) and the Canada-West Coal and Coke Company (Taber).[40]

The following Table 7.3 gives figures on the growth of production in Alberta coal mines and an estimate of one fundamental aspect of capitalist concentration, the growth in the productivity of labour. At least two notable features of coal mining concentration are reflected in these figures. First, one can observe a rapid rise in labour productivity during the 1910s, particularly the war years. Second, calculations based on the figures

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[38] Alberta Coal Commission, Report, p. 41.

[39] Charles Brian Williams, "Canadian-American Trade Union Relations - A Study of the Development of Binational Unionism ", Ph.D. thesis, Cornell University, 1964, p. 192.

[40] The companies included, with the location of mines and number of employees: Crow's Nest Pass Coal Co., Ltd. (Coal Creek, Fernie, Michel, B.C. - 1,700 men); International Coal and Coke Co., Ltd. (Coleman, Alta. - 375 men); West Canadian Collieries, Ltd. (Lille, Bellevue, Alta. - 350 men); Canadian-American Coal and Coke Co., Ltd. (Frank, Alta. - 300 men); The Breckenridge and Lund Coal Co., Ltd. (Lundbreck, Alta. - 1,254 men); The H.W. McNeill Coal Co., Ltd (Canmore, Alta. - 300 men); The Pacific Coal Co., Ltd (Bankhead, Alta. - 300 men).

Table 7.3

Production and the Productivity of Labour in Alberta Coal Mines, 1886-1971

Year	Output of Alberta Coal Mines (short tons)[a]	Value of output ($)	Average no. of workers engaged (underground)	Output (tons) per worker total (underground)	Index of labour productivity 1905 = 100	No. of mines in selected regions
1886	43,220	81,112				
1887	74,152	157,577				
1888	115,124	183,354				
1889	97,364	179,640				
1890	128,753	198,298				
1891	174,131	437,243				
1892	178,970	460,605				
1893	230,070	586,260				
1894	184,940	473,827				
1895	169,885	382,526				
1896	209,162	581,832				
1897	242,163	630,408				
1898	315,088	787,720				
1899	309,600	774,000				
1900	311,450	778,625				
1901	340,275	850,687				
1902	402,819	960,601				
1903	495,893	1,117,541				
1904	661,732	1,404,524				
1905	931,917	1,993,915	2,800 (2,000)	332.8 (466.0)	100.0 (100.0)	
1906	1,246,360	2,614,762	2,800 (2,000)	445.1 (623.2)	133.7 (137.3)	

Table 7.3 (continued)

Year	Output of Alberta Coal Mines (short tons)[a]	Value of output ($)	Average no. of workers engaged (underground)	Output (tons) per worker total (underground)	Index of labour productivity 1905 = 100	No. of mines in selected regions
1907	1,591,579	3,836,286	3,600 (2,700)	442.1 (589.5)	132.8 (126.5)	82
1908	1,685,661	4,127,311	3,780 (2,681)	445.9 (628.7)	134.0 (134.9)	
1909	1,994,741	4,838,109	5,207 (3,893)	383.1 (512.4)	115.1 (110.0)	
1910	2,894,469	7,065,736	5,818 (4,090)	497.5 (707.7)	149.5 (151.9)	
1911	1,511,036	3,979,264	6,689 (4,517)	225.9 (334.5)	67.9 (77.8)	224
1912	3,240,577	8,113,525	6,661 (4,861)	486.5 (666.6)	146.2 (143.0)	
1913	4,014,755	10,418,941	8,068 (5,837)	497.6 (687.8)	149.5 (147.6)	
1914	3,683,015	9,350,392	8,170 (6,052)	450.8 (608.6)	135.5 (130.6)	
1915	3,360,818	8,283,079	6,445 (4,493)	521.5 (748.0)	156.7 (160.5)	
1916	4,559,054	11,386,577	7,570 (5,536)	602.3 (823.5)	181.0 (176.7)	279
1917	4,736,368	14,153,685	8,310 (6,047)	570.0 (783.3)	171.3 (168.1)	
1918	5,972,816	20,537,287	8,774 (6,141)	680.7 (972.6)	204.5 (208.7)	
1919	4,933,660	18,205,205	7,573 (5,150)	651.5 (958.0)	195.8 (205.6)	
1920	6,907,765	30,186,933	9,688 (6,551)	713.0 (1054.5)	214.2 (226.3)	
1921	5,909,217	27,246,514	10,010 (7,203)	590.3 (820.4)	177.4 (176.1)	333
1922	5,990.991	24,351,913	8,547 (5,974)	700.9 (1002.8)	210.6 (215.2)	
1923	6,854,397	28,018,303	9,927 (7,749)	690.5 (884.6)	207.5 (189.8)	
1924	5,189,739	18,884,318	7,317 (5,299)	936.8 (979.4)	281.5 (210.2)	
1926	6,503,705	20,886,103	8,763 (6,569)	742.2 (990.1)	223.0 (212.5)	341
1928	7,336,330	25,532,414	9,496 (6,625)	772.6 (1107.4)	232.2 (237.6)	
1931	4,564,015	13,342,675	8,070 (5,969)	565.6 (764.6)	170.0 (164.1)	316
1936	5,696,960	14,659,705	8,110 (5,940)	702.5 (959.1)	211.1 (205.8)	305

Table 7.3 (continued)

Year	Output of Alberta Coal Mines (short tons)[a]	Value of output ($)	Average no. of workers engaged (underground)	Output (tons) per worker total (underground)	Index of labour productivity 1905 = 100	No. of mines in selected regions
1941	6,696,962	19,382,471	7,714 (6,916)	868.2 (968.3)	160.9 (207.8)	239
1946	8,826,311	22,441,930	8,583 (6,897)	1062.3 (1279.7)	319.2 (274.6)	198
1951	7,659,329	40,981,581	7,339 (4,457)	1043.6 (1718.5)	313.6 (368.8)	179
1956	4,328,787	23,274,012	3,443 (1,963)	1257.3 (2205.2)	377.8 (473.2)	
1961	1,991,008	10,487,835	1,323 (711)	1504.9 (2800.3)	452.2 (600.9)	...
1966	3,461,026	11,997,437	1,146	3020.1	907.5	
1971	8,012,304	42,418,281	2,068	3874.4	1164.2	

[a] In short tons. One short ton is 2,000 pounds or 0.907 tonnes (metric tons).

Source: Dominion Bureau of Statistics, Canadian Mineral Statistics, 1886-1956, Mining Events, 1604-1956, Reference Paper No. 68, Ottawa: Queen's Printer, 1957, p. 105; A.E. Spoerri Information Systems, Mineral Production of Canada, By Province, 1931-1975, Ottawa: Energy, Mines and Resources Canada, 1976; Alberta Coal Commission, Report; Alberta, Department of Mines and Minerals, Annual Report of the Mines Division, Edmonton, various years.

show that in roughly the same period there was a considerable increase in the average production per mine, but little appreciable change in the average number of workers per mine, thus confirming the trend towards concentration.[41]

In terms of ownership, the majority of major mining operations were held by interests in central Canada, with a minority in European and U.S. ownership. The first and largest mining operation of the 1880s and 1890s, the Galt mines, began its operations based on contracts to supply coal to the C.P.R.. In 1912, after years of collaboration, the C.P.R. absorbed the Galts's Alberta Railway and Irrigation Company, putting the latter's rail operations under the C.P.R.'s Medicine Hat Division and the mining, land, and irrigation operations under the C.P.R.'s Department of Natural Resources.[42]

The large mines built in the Crow's Nest Pass area in the boom phase following development of the C.P.R. were also outside-owned. The first, the Canadian-American Coal and Coke Company, began operation at Frank in

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[41] The averages are as follows:

	Average production per mine (tons)	Average no. of workers per mine total (underground)
1907	1,848.5	43.9 (32.9)
1911	6,745.7	29.9 (20.2)
1921	17,745.4	30.1 (21.6)
1931	14,443.1	25.5 (18.9)
1941	29,163.0	32.3 (28.9)
1946	44,577.8	43.3 (34.8)
1951	42,789.5	41.0 (24.9)

[42] See R.F.P. Bowman, Railways in Southern Alberta, Occasional Paper No. 4, Lethbridge: Historical Society of Alberta, Whoop-Up Country Chapter, 1973, p. 12

1901; it was French-owned.[43] The International Coal and Coke Company, which began operation at Coleman in 1903, had major ownership in the state of Washington and B.C., and a head office in Spokane, but was 'Canadianized' to Montreal in 1919.[44] Ownership of the Hillcrest Coal Company, which began coal shipments in 1905, was centered in Montreal and included such figures as Sir Herbert Holt of the Royal Bank. The McGillivray Coal and Coke Company opened in 1909 and became the second largest producer in Alberta by the 1920s.[45] It worked closely with the International; in 1935, the two were brought under unified control.[46]

With the development of the Canadian Northern and Grand Trunk Pacific railways, a scramble in coal mining spread into the Coal Branch area. Martin Nordegg, who represented the Deutsche Canada Syndicate, appeared on the scene in search of profitable investment opportunities as early as 1906.[47] What was to become Alberta's largest producing operation by the early 1920s, Brazeau Collieries, was jointly financed by the Canadian Northern and by Nordegg with European backing.

Like other industries, coal mining suffered from periodic crises of overproduction or "over-development of the industry" as it was characterized in the 1925 Alberta Coal Commission Report. Moreover, in coal mining, as in early oil and gas development, the wastage of natural resources and capital was especially pronounced. A multitude of mines were abandoned, in the majority of cases not because they were exhausted, but "due to a lack of markets or in other words to an over-development of the industry."[48] The Alberta Mines Branch reported for the years 1905 to 1924 that of 1,051 mines that had been opened in the province, 674 were finally abandoned and only 377 remained open or were reopened. It was estimated that $11.8 million had been invested in the abandoned mines and that estimated daily production of coal at the time of abandonment was 16,084 tons.[49]

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[43] A.A. den Otter, op. cit., p. 88.

[44] Dominion Securities Corporation, The Annual Financial Review, June 1919, pp. 529-530.

[45] Alberta Coal Commission, op. cit., p. 186.

[46] E.S. Moore, American Influence in Canadian Mining, Toronto: University of Toronto Press, 1941, p. 69.

[47] A.A. den Otter, op. cit., p. 89. See also Martin Nordegg, The Possibilities of Canada Are Truly Great: Memoirs, 1906-1924, edited by T.D. Regehr, Toronto: Macmillan, 1971.

Agricultural Implements and Other Industries. The agricultural implements industry grew out of a series of mergers among small, scattered enterprises in Canada and the U.S., typically resembling independent blacksmith shops. In the U.S. the major monopolies took shape between about 1900 and 1915. The International Harvester Company, which was formed out of a merger of the five largest U.S. firms in 1902, had 90 percent of the market for grain binders, and 80 percent of the market for mowers. It was backed by Morgan and Rockefeller financial interests.[50] By 1900, Deere and Co. (formed 1837) had become the largest plow producer and was closely associated with the Moline Wagon Company of Illinois. By 1918, Deere had expanded into a full line of farm implements and was second in sales in the U.S..

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[48] Alberta Coal Commission, op. cit., p. 45.

[49] Ibid., p. 42. On an annual basis this amounts to nearly 5.9 million tons.

[50] Jack Warnock, "Free Trade Fantasies: The Case of the Farm Implements Industry", This Magazine, Vol. 9, No. 5 and 6, November-December 1975, p. 37. For some further details of the development of the agricultural implements industry see Tom Naylor, op. cit., pp. 171-174; Merrill Denison, Harvest Triumphant: The Story of Massey-Harris, Toronto: McClelland and Stewart, 1948.

By the late 19th century the dominant firm in Canada was Massey-Harris, which grew out of an 1888 merger in Ontario. In 1903, International Harvester tried unsuccessfully to take over Massey-Harris, but it was successful in taking over John Abell Engine and Machine Company of Toronto and becoming the largest firm and price leader in Canada. Massey-Harris's share of the Canadian market dropped to around 20 percent by the 1920s, but International and Massey-Harris together controlled about 60 percent of the market.[51]

The third largest company in Canada, the Cockshutt Plough Company, was Canadian-owned and also grew out of some Ontario consolidations. In particular, in 1911 Frost and Wood of Ontario and Cockshutt combined to divide the market, with Cockshutt getting Canada west of Peterboro and functioning as exclusive agent for Frost and Wood, and the latter taking the market east of Peterboro and representing Cockshutt. In 1912, Cockshutt bought an interest in a wagon factory and a carriage factory.[52]

Deere and Company was largely a sales company in Canada through its wholly owned subsidiary, the John Deere Plough Company. In 1911, the company bought out the Dain Company and a Welland plant; the Dain Company and John Deere Plough Company combined in 1918 as John Deere Manufacturing Company. For a period, Deere and Company did manufacture harvesters in Ontario, but most of its activity was in sales of its U.S. production. Three sales companies were acquired, in Winnipeg, Regina, and Calgary.[53]

Thus, in this industry with a significant degree of U.S involvement and branch plant development, the tendency was also to pick up existing

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[51] Jack Warnock, op. cit., p. 37.

[52] Tom Naylor, op. cit., p. 173.

[53] Herbert Marshall et al, op. cit., p. 61.

Canadian firms or to initiate branch plants in central Canada. Furthermore, since tariff protection, at its peak of 35 percent in 1890, was eventually reduced to 6 percent in 1925 and removed in 1944, the relative concentration in central Canada and the extent of foreign ownership has actually increased.[54] As in a great many manufacturing industries, including those directly linked to agriculture or natural resource-oriented production, the principal activity of Canadian and foreign-owned corporations has been in the area of sales and servicing, rather than production.

There are many other industries which could be used to illustrate the impact of monopoly in western Canada, but the patterns of development remain much the same. Those local industries which survived the monopoly onslaught and other adversities in the pre-World War I decade faced another onslaught in the post-war decade, this time led by U.S. capital and concentrated in oil and gas. Most of the others were picked off during the Depression or in succeeding years, usually with the full collaboration of their local owners.

The Great Western Garment Company (G.W.G.), for example, began as a local Edmonton area textile enterprise. It was incorporated in 1911 with an authorized capital of $100,000 including Alexander C. Rutherford, the former Premier, as one of the leading shareholders, together with such local figures as J.H. Picard, E.H. Smith, P.E. Lessard, and S.A. Graham. The company survived a post-World War I crisis, but by 1941 there was financial involvement from Canadian Cottons Ltd. of Montreal. By the 1960s, the firm was taken over by the San Francisco-based corporation, Levi Strauss.

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[54] Of the eight major agricultural implements (farm machinery) companies presently dominating the Canadian market only two, Massey Ferguson and the relatively weak Versatile Manufacturing, have majority Canadian ownership. (J. Warnock, op. cit., p. 4)

Several enterprises simply did not get off the ground. For example, in the salt industry, C.P.R. interests were successful in forming a major monopoly at the turn of the century. Van Horne had developed the Windsor Salt Company following salt strikes on C.P.R. property. In 1901, a merger was organized around the Windsor company, called the Canadian Salt Company, by Van Horne, Strathcona, Angus, Shaughnessy, and George Cockburn. The company then entered an international salt cartel with British, American, and some European producers.[55] Some Alberta-based interests, who had learned of major salt deposits in the Fort McMurray area as early as 1907, eventually attempted the development of a salt industry not once but twice. The first effort was in 1925; the second was in 1936. Both failed, despite the fact that no major competition existed as far as Windsor, Ontario. Curiously, the main problem was probably rail transportation on the Alberta and Great Waterways Railway, which had just been taken over by the C.P.R. before the opening of the first plant. As some local citizens recalled:

> Under such horrendous conditions of manual labour, transportation and both a present and seemingly future lack of any railway communication, the plant folded. It had never become a roaring success because it couldn't get enough cars to carry its salt and when it ever did manage to get the cars, a hillside would give way, or the spring and fall rainfall would seem to ensure that they couldn't get the salt hauled out.
>
> . . . the second plant managed to die of similar causes.[56]

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[55] Tom Naylor, op. cit., Vol. II, pp. 177-178.

[56] D.J. Comfort, Pass the McMurray Salt Please! The Alberta Salt Company as Remembered by Three Fort McMurray Pioneers, Fort McMurray: D.J. Comfort, 1975, pp. 30-31.

In generalizing from the experience of various sectors of the Alberta economy and the Canadian economy as a whole, it is evident that the countervailing factors mentioned in the previous section have not overcome the basic tendency towards absentee ownership and uneven development in the Alberta region. As we will see, the rise of monopoly capitalism actually accelerated this unevenness of development to the point that the regional division of labour and ownership dominated by monopoly capital has further retarded capital accumulation in several major sectors and exacerbated regional and class disparities.[57]

Monopoly Capital and the Rate of Exploitation

Of all the consequences of the rise of imperialism, perhaps the single most decisive economic outcome has been the heightened rate of exploitation (or surplus labour extraction) which has followed wherever monopoly capital achieves dominance. This section considers a means of evaluating the impact of monopoly capital on the rate of exploitation in Alberta using the coal mining sector as an example of the general tendency.

Any attempt to achieve a precise estimate of exploitation is severely limited by the lack of statistical material both in categories which could be used directly to determine rates of exploitation and in categories which could stand as reasonable proxies. In particular, due to the miserable state of historical (and current) statistics which could help to represent surplus value (such as pre-tax profits, by sector, by region, and in aggregate) one must rely on an approach (or approaches) to estimating exploitation which is not dependent upon the availability of such magnitudes. The "Kuczynski-index" technique considered in this section is one such approach.[58]

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[57] Perhaps, the rise of monopoly capitalism lends weight to the popular point that "nothing stays fixed here unless it's nailed down by nature or nationalization".

In applying the Kuczynski-index technique to Alberta coal mining there is a major conceptual problem that must be dealt with at the outset. Specifically, Kuczynski tries to apply his technique to the U.S. economy as a whole, whereas this thesis is considering an individual sector in an individual region. The problem arises in determining necessary labour-time and, therefore, measuring relative surplus value. Necessary labour-time is determined by the costs of reproducing labour power, roughly, the costs of living of workers.

In general, changes in the costs of living of workers will be determined by changes in the values (and prices) of 'wage goods' (workers' consumption commodities) such as food, transportation, and shelter which are, in turn, determined by production conditions in sectors producing the goods. For instance, assuming competition, an increase in productivity in the wage-goods sector will lead to a fall in values (and prices) in the sector and, hence, a fall in necessary labour-time for all workers. Thus, it is quite conceivable that in a situation where productivity is increasing in the wage-goods sector necessary labour-time could be falling (and relative surplus value rising) across all sectors, despite the fact that in non-wage-goods sectors the levels of productivity remained unchanged or even declined (to an extent less than the increase in productivity in the wage-goods sector).

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[58] See Jurgen Kuczynski, "The Law of Surplus Value in Present-day Capitalism", World Marxist Review, Vol. 16, No.11, November 1973, pp. 38-45.

In studying an individual sector and/or region it may not be realistic to assume that the productivity of labour in the particular sector and/or region corresponds to the productivity of labour in the wage-goods sector. Usually, the costs of living of workers in particular sectors and/or regions are affected directly or indirectly by productivity changes in those sectors and/or regions. In the case of Alberta coal mining, this occurs directly where miners consume coal for heating purposes. This would occur indirectly where, for example, coal is a fuel in packing plants, on farms, or in transportation such that its price affects the costs of food or transportation for miners.

In dealing with the U.S. economy as a whole Kuczynski estimates an average level of productivity based on U.S. industry and agriculture. He points out that over the period 1843-48 to 1965-69 labour productivity in both industry and agriculture grew about 13.5 times, though he also recognizes that the productivity growth in agriculture was much slower than that in industry until the last four decades.[59] Kuczynski's evidence suggests that it is not unreasonable to assume at least roughly parallel or average rates of productivity change in wage-goods and non-wage-goods sectors for all productive sectors of an economy, at least over a long period.

It must be noted that the present procedure is cognizant of the so-called "transformation problem", the transformation of values (exchange-values) into prices ("prices of production") which occurs as a result of dropping the assumption of equivalent organic compositions of capital across productive sectors.[60] The Kuczynski-index technique offers the advantage that it uses working-time and productivity, both of which can be measured without reference to prices. However, a problem does appear in treating costs of living. In the aggregate economy situation, Kuczynski can side-step the problem by assuming an average productivity across all sectors, that is, the costs of living of workers can be assumed to vary proportionately to the average productivity. But at the sectoral and/or regional level it is evident that some adjustment might be considered where divergences appear between the productivity in the sector and/or region studied and the productivity in the wage-goods sector. In a more complex study than that advanced here, the matter of conversion of values into prices in the wage-goods sector as it affects the costs of living in other sectors would be of considerable interest. Matters of monopoly and ground-rent would also deserve scrutiny in any comprehensive analysis.

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[59] Ibid., pp. 40, 42.

[60] See, for example, G. Kozlov (general ed.), op. cit., Chapter 9; P. Sweezy, The Theory of Capitalist Development: Principles of Marxian Political Economy, New York and London: Monthly Review Press, 1968 (first printing, 1942), Chapter VII.

Within the present confines, however, it will be assumed that the historical variation in the costs of living roughly reflect the values of subsistence commodities or the costs of reproducing labour-power in value terms. Of course, a more elaborate study could drop this assumption and show that prices in the wage-goods sector were (or were not) set in such a way as to transfer more or less surplus value from non-wage-goods sectors.

Given the particular difficulties of treating an individual sector and/or region it might be asked why this line of approach deserves to be pursued. In the first place, the 'symptoms' of exploitation revealed in a multitude of socio-economic antagonisms, such as strikes, demonstrations, voting behaviour and other forms of class struggle, are only part of the evidence of exploitation. Hence, understanding the existence of classes and the dynamics of class struggle necessitates the study of exploitation.

Furthermore, since the generation of surplus value and the process of exploitation is an objective phenomenon and not, as some would argue, a 'metaphysical' construct or political device, it serves to advance debate in economics to engage in determinate empirical analyses in quantitative as well as qualitative terms.

Such research is also needed not only in treating exploitation in general but in treating variations in the form and extent of exploitation as they appear in particular historical circumstances. This thesis has as its subject matter development in Alberta and the western interior. Alberta coal mining has been selected both because of the relatively greater range of data available in this sector relative to other sectors, and because taking coal mining as a whole in Canada, not to mention productive industry as a whole, would not be able to reflect the particular history of Alberta as a subordinate region or 'hinterland'. It remains an important task for future research to develop various time series of exploitation by sector, by region, and in aggregate to establish a more substantial absolute and comparative basis for the analysis of development. Finally, as the existing capitalist states and their statistical 'services' make it difficult if not impossible to obtain precise estimates, one pushes on in this direction with the hope that what now tend to be 'notional' magnitudes will one day be superceded by more accurate magnitudes. The mere questioning of the class orientation of received data collection is one impetus to advances in this field.

There are two principal components to the Kuczynski index of surplus value: changes in labour productivity, and changes in working time. The measure of labour productivity (column (1) in Table 7.4) was obtained

Table 7.4

Estimated Index of Exploitation in Alberta Coal Mining

Year	(1) Labour productivity (tons per worker)	(2) Index of labour productivity (1906-08=100)	(3) Estimated working week (hours)	(4) Index of average working time (1907=100)	(5) Estimated index of exploitation (1907=100)
1907	497.5	100	60	100	100
1911	426.6	85.7	60	100.0	71.4
1913	505.5	101.6	60	100.0	103.2
1916	579.9	116.6	60	100.0	133.2
1917	635.5	127.7	60	100.0	155.4
1919	693.3	139.4	54	90.0	143.0
1921	661.5	133.0	54	90.0	132.8
1926	727.9	146.3	54.7	91.2	158.7
1928	762.6	153.3	54.3	90.5	167.3
1931	612.5	123.1	49.4	82.3	94.4
1936	703.7	141.4	50.1	83.5	122.5
1938	718.0	144.3	52.0	86.7	138.4
1941	903.3	181.6	53.3	88.8	204.2
1944	904.7	181.8	62.4	104.0	284.7
1946	962.4	193.4	48	80.0	172.1
1951	1,031.4	211.6	44	73.3	150.6
1956	1,189.5	239.1	43	71.7	164.1
1961	1,504.6	302.4	40.2	67.0	171.6
1966	3,004.5	603.9	40.3	67.2	381.1
1970	4,084.7	821.0	40.0	66.7	515.0

Source: (1) Alberta, Department of Mines and Minerals, Mines Division, Annual Report, 1955 and 1971;
(3) Canada, Department of Labour, Wage Rates and Hours of Labour in Canada, various years, and others as described below.

by taking three-year averages of gross coal output per worker, using material from the Annual Reports of the Mines Division of the Alberta Department of Mines and Minerals.[61] The years before and after the stated year form part of the average. For example, the stated year 1907 reports the result obtained by dividing the number of tons produced in 1906, 1907, and 1908 by the number of workers in 1906, 1907, and 1908. The number of workers includes both those underground and those on the surface; the growth of labour productivity would be higher if only underground workers were considered. Labour productivity shows a massive -- nearly three-fold -- jump in the 1960s. This escalation reflects mainly the introduction of strip mining techniques into Alberta.

The stated years were selected with two main things in mind. Firstly there are years running at five year intervals fitting approximately into the Canadian decennial census periods. The choice of years 1907 and 1970 (rather than the preferred 1906 and 1971) reflects limitations on the availability of consistent data. Secondly, there are additional years before, during, and/or after the major crises associated with World War I (1913, 1917, 1919), the "Great Depression" (1928), and World War II (1938, 1944).

The estimate of working time (column (3) in Table 7.4) was more difficult to assemble, a fact which reflects the poverty of official statistics--and concern--for the labour conditions in the mining industry. The working week figures presented in Table 7.4 can be understood as a rough estimate of the 'standard' working week modified by actual conditions. Despite certain drawbacks, this route was chosen as a means of obtaining at least some consistency during the period. For the years 1946 to 1960, the figures are taken directly from the Canada Department of Labour's Wages and Hours of Labour in Canada for various years.[62] For the years 1926 to 1944, measures of standard working weeks were not available, so it was assumed that the 'standard week' moved in relation to the general average of the actual working week for nonagricultural workers in Canada.[63] For the years 1907 to 1919, data was even weaker although a few indications of the average mining work week in Alberta appeared in Wages and Hours of Labour in Canada and at least two Alberta royal commissions. A special "addendum" on wages of coal miners, produced in the early 1920s by the federal Department of Labour, recorded that the standard working day in Alberta mining varied from 8 to 10 hours depending on occupation in 1907, but was 8 hours for all mining occupations by 1919. The trend was described as follows: "In Alberta the eight hour day has prevailed underground since 1900 with ten or twelve hours for most surface employees until 1905, ten hours till 1917, nine hours till 1919, and eight hours since."[64]

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[61] Alberta Department of Mines and Minerals, Mines Division, Annual Report, 1955, p. 97, and 1971, p. 11. The production figures in Table 7.4 are somewhat higher than those in Table 7.3. The figures in 7.4 represent "gross tons of coal mined" and include coal used by colliery railroads and coal put to stock or waste.

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[62] Since the year 1951 was recorded as "40 and 48", the value of 44 hours has been used. Since the year 1956 was recorded as "40-46", the value of 43 hours has been used.

[63] The simple calculations used the base year as 1948, coupled with data in M.C. Urquhart and K.A.H. Buckley, op. cit., p. 105.

However, it is apparent from other sources, notably two provincial royal commissions,[65] that the working day (and week) in Alberta mining varied considerably, irrespective of occupation, and was often higher than the "paper" standard.[66] Further, the actual determination of when the working day began and ended was a matter of struggle which was not uniform nor often agreed between labour and capital, as the above commissions indicated. In order to make at least some attempt to measure the working week, the average working week was assumed to be six (days) times the longest official standard day, that is, labourers on the surface. This is likely a low or conservative estimate, considering the problems of measuring the precise length of the working day, the lack of uniformity among mining operations, and the gross violation of official standards, but it will provide at least a starting point until some durable researcher can assemble a weighted average from extant collective agreements and other sources.

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[64] Canada, Department of Labour, Wages and Hours of Labour in Canada, Report No. 3, September 1920 and September 1921, p. 25.

[65] Alberta, Royal Commission on the Coal Mining Industry in the Province of Alberta, Report, 1907, especially pp. 11-12; Alberta, Alberta Coal Commission, Report, 1925, especially pp. 229-230. Two other provincial commissions did even less: Alberta, Coal Mining Industry Commission, Report, 1919; and Alberta, Royal Commission Respecting the Coal Industry of the Province of Alberta, Report, 1936.

[66] The presentation of evidence was often more revealing than the reports themselves. See, for example, D.J. Bercuson (ed.), Alberta's Coal Industry, 1919, pp. 38-39, 205-207.

Another problem relating to the length of working time is ascertaining whether the working week is the appropriate category for measurement, particularly with respect to 'overtime', to the working day, and to unemployment. The role of working time is directly connected with the theory of wages. Within the capitalist mode, average real wages have an inherent tendency to be pushed down as a consequence of this drive of capitalist accumulation--"Accumulate, accumulate! That is Moses and the prophets!"[67] However, there are also countervailing tendencies, including the degree of organization of the working class.[68] One aspect of the determination of wages (and the value of labour-power) has been the length of the working day, although the form in which the struggle over 'price and time' occurs has varied considerably. Prior to the 1920s,day wages were typical, including in Alberta coal mining. For example, between 1900 and 1921, the day rate for qualified miners went from about $2.75 to $7.50 in money terms.[69]

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[67] K. Marx, Capital, Vol. I, p. 595.

[68] G. Kozlov et al suggest: "This tendency [to sink the average standard of wages,] however, should not be understood simply as an absolute sinking of the quantity of the worker's means of subsistence. The level of real wages is determined by a host of factors, often operating in opposite directions. It is directly connected with changes in the value of labour power, growth of unemployment and increase of intensity of labour, a rise in the proportion of low-paid female and child labour, and so on. The movement of wages can therefore only be considered and correctly understood in connection with analysis of the process of capital accumulation." (op. cit., p. 156.)

[69] Canada, Department of Labour, Wages and Hours of Labour in Canada, Report No. 3, addendum. p. 25. During this period most underground workers were "contract miners" with a piece-rate form of payment system.

In these conditions the struggle for--and winning of--a normal or standard working day (in effect, without cut in pay) expressed an historical achievement of the working class.[70]

With the advent of hourly-based wages, the form of this struggle changed somewhat to encompass, increasingly, the issues of 'overtime', holidays, 'vacations with pay', the length of the working week, and pensionable retirement age. Ultimately, what is in question is not only the length of the working day, but the duration of the wage-labourer's life as the commodity labour-power, since for capital 'the labourer is nothing else, his whole life through, than labour-power, . . . all his disposable time is by nature and law labour-time, to be devoted to the self-expansion of capital."[71] Consequently, the length of the working day and the working week, as the other issues, bear directly upon the short-run and long-run wage capital pays for labour-power and upon the rate at which capital consumes labour-power.

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[70] Marx commented: "The establishment of a normal working-day is the result of centuries of struggle between capitalist and labourer. . . . Whilst the modern Factory Acts compulsorily shortened the working-day, the earlier statutes tried to lengthen it by compulsion. Of course the pretensions of capital in embryo--when, beginning to grow, it secures the right of absorbing a quantum sufficit of surplus labour, not merely by the force of economic relations, but by the help of the State--appear very modest when put face to face with the concessions that, growling and struggling, it has to make in its adult condition. It takes centuries ere the 'free' labourer, thanks to the development of capitalistic production, agrees, i.e. is compelled by social conditions, to sell the whole of his active life, his capacity for work, for the price of the necessaries of life, his birthright for a mess of pottage. Hence, it is natural that the lengthening of the working-day, which capital, from the middle of the 14th to the end of the 17th century, tries to impose by State measures on adult labourers, approximately coincides with the shortening of the working-day which, in the second half of the 19th century, has here and there been effected by the State to prevent the coining of children's blood into capital." (Capital, Vol. I, pp. 270-271.)

[71] Ibid., p. 264. The importance of working time in the Marxist treatment of capitalist development can hardly be overemphasized. Not only does Capital have a chapter (Chapter X) dealing exclusively with the subject, it plays a major role in his concept of freedom and economic progress. See, for example, ibid., Vol. III, p. 820 and The German Ideology, Moscow: Progress Publishers, 1968 (first edition, 1956), pp. 44-45.

The role of 'overtime' illustrates well the relation of working time and the wage:

> The value of labour-power, as dependent on its wear and tear, increases with the duration of its functioning, and in more rapid proportion than the increase of that duration. In many branches of industry where the time-wage is the general rule without legal limits to the working time, the habit has, therefore, spontaneously grown up of regarding the working-day as normal only up to a certain point, e.g., up to the expiration of the tenth hour ("normal working-day", "the day's work", "the regular hours of work"). Beyond this limit the working-time is over-time, and is, taking the hour as unit-measure, paid better ("extra pay"), although often in a proportion ridiculously small. The normal working-day exists here as a fraction of the actual working-day, and the latter, often during the whole year, lasts longer than the former. The increase in the price of labour with the extension of the working-day beyond a certain normal limit, takes such a shape in various British industries that the low price of labour during the so-called normal time compels the labourer to work during the better paid over-time, if he wishes to obtain a sufficient wage at all. Legal limitation of the working day puts an end to these amenities.[72]

The rate of profit (and exploitation[73]) can be affected by overtime pay, in the sense that a different ratio of paid (necessary) and unpaid (surplus) labour might exist in overtime than in normal time.[74]

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[72] K. Marx, Capital, Vol. I, pp. 546-547.

[73] A brief discussion on the relation of the rate of profit and exploitation is in Marx's "Wages, Price and Profit", Selected Works, p. 217. Marx concluded that the more satisfactory expression of the rate of profit has the value realized in profits over the capital advanced in wages rather than the value realized in profits over the total capital (advanced in wages plus raw materials, machinery, etc.): "The first mode of expressing the rate of profit is the only one which allows you the real ratio between paid and unpaid labour, the real degree of exploitation (you must allow me this French word) of labour. The other mode of expression is that in common use, and is, indeed, appropriate for certain purposes. At all events, it is useful for concealing the degree in which the capitalist extracts gratuitous labour from the workman."

Ideally, therefore, the measurement of the working day or working week (or working life) ought to be the average actual working time, not the so-called 'standard' working day or working week, and include overtime as well as violations of the 'standard'. In this respect, the index of working time used above is deficient. Further, insofar as unemployment was effective in driving down wages and, at the same time, reducing the working week, thus lowering workers' living standards, the decline in the working week is misleading. Such a phenomenon occurred during the Great Depression crisis; accordingly, the relevant indices of surplus value might be highly deceptive and easily misconstrued. In fact, an index based on a broader range of factors would probably give a much higher figure for 1931, since the lowering of real wages is a means of reducing the ratio of paid to unpaid labour and thus increasing exploitation.

Treating changes in real wages requires consideration not only of the limitations of available data, but also further analysis of the conceptual basis of the index. Kuczynski assumes that changes in real wages parallel changes in labour intensification: "Since we cannot measure higher intensification and its consequences under capitalism, we shall work on the assumption that increases in real wages are roughly proportional to increases in intensification".[75] This means, in effect, that as intensification increases the cost (or value of the means of subsistence) of reproducing labour-power increases, hence, real wages increase, all things being equal. The presumption that rising real wages vary exclusively with intensification is probably open to criticism, especially in the period following World War II when labour was able to win major, hard-fought gains in living standards. (However, even if these apparent gains are recognized, it is necessary to evaluate the trend within the context of the capitalist system as a whole, in particular, in relation to the flows of surplus value from colonial and former colonial areas of the world.) Moreover, decreasing real wages are not necessarily a reflection of decreasing intensification, but might well be a consequence of high unemployment, a point recognized by Kuczynski[76] and evidenced, for example, during the "Great Depression".

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[74] Marx uses the following illustration: "For example, the price of one hour of the 12 hours' working-day is 3d., say the value-product of half a working hour, whilst the price of the over-time working-hour is 4d., or the value product of 2/3 of a working-hour. In the first case the capitalist appropriates to himself one-half, in the second, one-third of the working-hour without paying for it." (Capital, Vol. I, p. 550.)

[75] J. Kuczynski, op. cit., p. 40. This writer is not convinced that some measures of intensification and its costs could not be obtained in certain industries; however, Professor Kuczynski is probably correct in relation to the capitalist system as a whole.

The key feature of the Kuczynski approach upon which one must focus is the concept that changes in productivity set the necessary labour-time (and relative surplus value). In choosing a base-year (with the index equal to 100) it is presumed that certain levels of necessary and surplus labour-time existed which can be taken as given, although both their absolute levels and even their relative levels (as portions of total labour-time) may not yet have been measured. Changes in the index indicate changes from the base-year level and thus help determine changes in exploitation over time.

On principle, the real wage tends to be a 'subsistence wage' in that it corresponds to the value of the means of subsistence necessary for the reproduction of labour-power. Of course, the real wage can deviate from this value, and what is more, the value itself can change. The Kuczynski approach, at least at this level of abstraction, does not concern itself with the phenomenon of the real wage deviating from value although this does not preclude its being considered in a more complex study such as that mentioned above. Consequently, there is here the implicit assumption that the real wage coincides with the value of labour-power.

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[76] Ibid., p. 39.

With respect to changes in the value of labour-power, the Kuczynski approach contends with two factors: changes in labour productivity understood narrowly as 'technical progress' and changes in labour intensification such as 'speed-up'. Increases in the first, particularly in the wage-goods sector, reduces the value (or cost) required for reproducing labour-power. However, this does not change the real wage. Assuming competition, a fall in prices in the wage-goods sector induced by an increase in productivity will lead to a proportionate fall in money wages thus leaving real wages the same. In this context, the real wage (or subsistence wage) is an obstacle for the capitalist which must be overcome by introducing technical advances and thereby reducing necessary labour-time in production, which means raising the rate of exploitation and the mass of surplus value over time.

Changes in labour intensification are different than those related to technical progress. Increases in labour intensification, like increases in working time, raise absolute surplus value, whereas technical progress (under capitalism) raises relative surplus value. It is presumed that while intensification raises the costs (or value) of reproducing labour-power (through increased 'wear and tear' of workers), such is not the case with technical progress. Consequently, intensification but not technical progress can not only increase productivity it can also increase the real wage. (The actual 'trade-off' between productivity and real wage is an 'empirical question' and one beyond the scope of the present study.)

Unfortunately, there is only a single productivity index, an index which does not distinguish between purely 'technical' and 'intensification' aspects. In the Kuczynski approach this difficult problem is avoided by assuming that changes in the real wage coincide with changes in intensification. In effect, since changes in intensification (from the base-year) are 'compensated' by changes in the real wage, the wage (or value of labour-power) remains at the 'subsistence level' and productivity change 'in general' is the factor determining changes in the level of necessary labour-time. Conveniently, with respect to actual calculations, the problem of intensification and real wage change is collapsed into the productivity index,

The calculation itself is straightforward. Given a definite working day with a rate of surplus value of 100, the gain to the capitalist from an increase in productivity is actually twice the reduction in necessary labour-time. (In this context, productivity increases are treated as increases in output per unit of labour-time, though in general they can be treated as reductions in the amount of socially necessary labour-time embodied in a single commodity or all commodities.) Thus, if 100 units of a commodity X were produced in 10 hours, a 20 percent increase in productivity would imply 120 units produced in the same period with the same quantity of labour-power. Before the productivity increase the necessary labour-time was 5 hours, which means the workers could produce the value of their labour-power (50 units) in 5 hours. After the productivity change the workers could produce the value of their labour-power in only 4 1/6 hours (or 12 units per hour instead of 10 units per hour). In the remaining surplus labour-time (5 5/6 hours) the workers produce 70 units. Thus the change in the rate of surplus value (from5:5 to 4 1/6:5 5/6 or 100 to 140) is 40 percent, or twice the increase in productivity. A similar procedure occurs in treating the length of the working day.[77]

While it may be reasonable in treating an aggregate economy such as the U.S. economy to have necessary labour-time determined by general changes in productivity and to hold that any changes in real wages are due to labour intensification alone, one must emphasize that these assumptions are open to more serious criticism in treating Alberta coal mining. That is, the cost (or value) of the means of subsistence for workers in coal mining is determined at least partially if not largely outside the

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[77] Kuczynski uses the following example (ibid., p. 40n): "Taking the rate of surplus value in a given year as 100, a 20 per cent increase in productivity over a ten-year period and a 5 per cent reduction of worktime, we obtain the rate of surplus value:

$$\frac{100 \times (100+20\times20) \times (100 - 2\times5)}{100 \times 100} \text{ or } \frac{100\times140\times90}{100 \times 100} = 126 \text{"}$$

The general formula for percent changes in productivity from a given labour force is $\frac{q_t-q_o}{q_o} \times 100$ and that for percent changes in the rate of surplus value is $\frac{q_t-q_o}{q_o-q_w} \times 100$, where q_o is total production in the base period, q_t is production in period t, and q_w is production of wage-goods. q_w is assumed to be constant. As long as $q_w > 0$, percentage increases in the rate of exploitation must be greater than percentage increases in productivity.

coal mining sector. On the other hand, the cost is also determined directly or indirectly within the coal mining sector, such as with respect to fuel. In effect, the problem of how one is to treat the notion that the value of wage-goods is determined at least in part outside the coal mining sector probably has a complex empirical solution. However, given the limited scope of this thesis and given the likelihood that the differences in productivity between coal mining and wage-goods sectors such as agriculture are of a relatively small magnitude (as indicated, for instance, in Kuczynski's data on U.S. industry and agriculture), this study holds to the same assumptions as the Kuczynski approach but does so recognizing these are much 'stronger' assumptions in the context of a sector and/or region.

The results of applying the Kuczynski-index technique are displayed in Table 7.4, column (5). Certain features can be observed. Firstly, sharp increases in the rate of exploitation occurred during the periods 1911-1917, 1931-1944, and 1961 to 1970.[78] It is significant that the periods of rapid increases in exploitation, especially the first two, conclude with times of heightened labour militancy and strike-lockout activity. (Increasing strike-lockout activity did appear in the third period, though the new conditions created by the introduction of strip mining radically altered certain aspects of previous labour-capital relations in coal mining.) Secondly, when labour was able to win significant reductions in working time, particularly in the post-World War I and post-World War II periods, the rate of exploitation did get reduced. The reduction of working time during the "Great Depression" occurred under different conditions and was reversed dramatically by the end of World War II. Thirdly, while there has been a significant long-term increase in the rate of exploitation in Alberta coal mining, it appears that the introduction of strip mining probably constitutes the single most dramatic quantitative--and perhaps, qualitative--change in the history of coal production in Alberta.

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[78] The declines in productivity in 1911, 1921, and the "Great Depression" are due largely to 'cyclical' crises in production (and markets) as well as some strike-lockout activity in the industry.

From previous observations in this chapter and Table 7.4, it is evident that the concentration of capital in Alberta coal mining has increased both in absolute terms and relative to the concentration of labour (hence, a higher organic composition of capital)--and with this has also increased the exploitation of wage-labour. Moreover, alongside the exploitation of wage-labour grew the other types of exploitation, particularly exploitation by means of non-equivalent exchange and predations of the natural environment. The precise degree to which monopoly profit is derived from wage-labourers, small commodity producers, non-monopoly capitalists, and those outside the sphere of production is dependent upon the particular configuration of relationships existing in the sector under study. The calculation of specific magnitudes would require the use of labour-time or some related labour equivalent as the basic unit of measurement and considerably better historical data than is currently available. Such studies, which have not yet been undertaken in Canada, could be extremely useful, but they go well beyond the limits of this thesis.

Chapter Eight

The Other Sides of Imperialism

> How far, O rich, do you extend your senseless avarice? Do you intend to be the sole inhabitants of the earth? Why do you drive out the fellow sharers of nature, and claim it all for yourselves? The earth was made for all, rich and poor, in common. Why do you rich claim it for your exclusive right?
>
> St. Ambrose (4th century)

This chapter considers the remaining four features of imperialism as they have been reflected in the development of capitalism in Alberta.

The Dominance of Finance Capital

The rise of monopoly in the sphere of bank capital and the latter's coalescence with industrial capital to form finance capital and a financial oligarchy was the second major feature of imperialism. Certain aspects of this feature have been mentioned already, but in passing; now the picture needs 'rounding out'.

The emergence of monopoly in banking (and other related 'financial intermediaries' such as trust and loan companies) was most pronounced in two phases, the first in the early years of this century, from about 1900 - 1914, and the second in the 1920s. The number of chartered banks in Canada reached its peak in 1874 when there were 51 banks (with 230 branches or about 4.5 branches per bank). As indicated in Table 8.1, this number of banks had dropped by 1904 to a 20th century high of 38 (with 1,145 branches or about 30.1 branches per bank). During the first years of the century

Table 8.1

Number of Chartered Banks and Branches, Amalgamations and Insolvencies for Selected Years.

Year	No. of banks active at year end	New banks: active	New banks: charters not used	Amalgamations	Insolvencies	No. of branches in Canada	Average No. of branches per bank
1820	1	1	-	-	-	-	-
1830	6	-	-	-	-	-	-
1840	16	-	-	-	1	-	-
1850	15	-	-	-	-	-	-
1860	31	1	-	-	-	-	-
1868	33	-	1	1	1	123	3.7
1874	51	1	1	-	-	230	4.5
1879	44	-	-	-	4	295	6.7
1884	46	2	2	-	-	335	7.3
1889	41	-	-	-	-	402	9.8
1890	41	-	1	-	-	426	10.4
1891	41	-	-	-	-	468	11.4
1892	41	-	-	-	-	479	11.7
1893	40	-	-	-	1	502	12.6
1894	38	-	-	-	2	513	13.5
1895	37	-	-	-	1	530	14.3
1896	37	-	-	-	-	533	14.4
1897	37	-	-	-	-	555	15.0
1898	37	-	-	-	-	622	16.8
1899	36	-	-	-	1	663	18.4
1900	35	-	1	1	-	708	20.2
1901	35	1	-	1	-	750	21.4
1902	36	2	1	1	-	904	25.1

Table 8.1 (continued)

Year	No. of banks active at year end	New banks: active	New banks: charters not used	Amalgamations	Insolvencies	No. of branches in Canada	Average No. of branches per bank
1903	37	3	5	2	-	1,049	28.4
1904	38	1	-	-	-	1,145	30.1
1905	37	1	1	1	1	1,454	39.3
1906	35	-	1	1	1	1,745	49.9
1907	34	-	-	1	-	1,886	55.5
1908	31	1	2	1	3	1,927	62.2
1909	30	-	-	1	-	2,164	72.1
1910	28	1	-	1	2	2,367	84.5
1911	28	1	-	1	-	2,554	91.2
1912	26	-	1	2	-	2,813	108.2
1913	24	-	-	2	-	2,962	123.4
1914	22	-	1	1	1	3,049	138.6
1915	22	-	1	-	-	3,159	143.6
1916	22	-	-	-	-	2,198	145.4
1917	21	-	-	-	-	3,306	157.4
1918	19	-	-	2	-	3,440	181.1
1919	18	-	-	1	-	4,337	240.9
1920	18	-	1	-	-	4,676	259.8
1925	11	-	-	2	-	3,840	349.1
1930	11	-	-	-	-	4,083	371.2
1935	10	-	-	-	-	3,431	343.1

Table 8.1 (continued)

Year	No. of banks active at year end	New banks: active	New banks: charters not used	Amalgamations	Insolvencies	No. of branches in Canada	Average No. of branches per bank
1940	10	-	-	-	-	3,311	331.1
1945	10	-	-	-	-	3,106	310.6
1950	10	-	-	-	-	3,679	367.9
1955	10	-	-	1	-	4,246	424.6
1960	9	-	-	-	-	5,051	561.2

Source: M.C. Urquhart and K.A.H. Buckley (eds.), Historical Statistics of Canada, p. 246.

concentration increased dramatically. By 1914 there were 22 banks (with 3,049 branches or about 138 branches per bank). A further consolidation took place during World War I and in the early 1920s. By 1925, after a period of overexpansion, there were only 11 banks (with 3,840 branches or about 349.1 branches per bank). The following compares the number of banks operating in the main period of concentration (1901-1914) with an earlier period (1867-1900):[1]

	Failures	Mergers	New Charters	New Banks Operating	Net Change
1867 - 1900	20	3	48	28	+15
1901 - 1914	7	20	33	11	-15

The impact of emerging monopoly was soon felt in the western interior. There were two phases of movement west by central Canadian banks. The first began in 1877 with the establishment of a branch of Hugh Allan's Merchants' Bank of Canada in Winnipeg,[2] but in areas further west generally followed railroad development in the 1880s. (Several of the early arrivals were noted in the sixth chapter.) By 1896, there were 13 central Canadian banks and one western bank in western Canada. The second phase, which began in the late 1890s, reflected the pressures of monopoly expansion:

> After 1900 the movement [west] became a flood. Branches and sub-agencies of central and eastern banks west of Ontario grew from 108 in 1900 to 2,962 in 1913. The Eastern Townships alone had 64 branches and 39 sub-agencies. Virtually all of the expansion was accounted for by a few established banks: the Bank of British North America, the Merchants', the Union of Halifax, the Sterling and the Standard being the pioneers. The Bank of Commerce and the Montreal were slow in moving west. After the boom ended, overextended facilities had to be cut back, the pioneer banks were weakened, and

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[1] Tom Naylor, op. cit., Vol. I, p. 96.

[2] Ibid., Vol. I, p. 97.

> subsequently they were absorbed by the others who had been more cautious in their expansion.[3]

By 1911, nine leading banks had almost as many branches in the west as the east: 622 in the west and 653 in the east.[4] In 1915, Alberta alone had 258 branches, or 24 percent of the 1,071 branches in western Canada, but the gap between the number of branches in eastern and western Canada was widening,[5] an indication of the relative overextension of the 'boom period'. The trend in Alberta bank clearings, which prior to the 1920s was controlled by the chartered banks at Calgary and Edmonton, also marked major expansion and the centralization of capitals:[6]

(millions of dollars)

	Calgary	Edmonton	Lethbridge	Medicine Hat
1907	69.7	46.7		
1908	64.8	38.5		
1911	218.9	121.4		
1915	169.8	105.8		
1919	355.0	233.1		
1922	263.2	234.2	31.1	17.7
1925	355.5	239.4	28.4	15.4
1929	666.5	351.3	40.8	26.6

A particular feature of the rise of monopoly in banking was the elimination of private (or 'independent') banking in Canada. Private banking played a significant role in Canadian banking until its peak was reached about 1895. In 1881, there were 174 private banks and 320 chartered bank branches, and in 1890, there were 179 private banks and 426 branches.[7]

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[3] Ibid., p. 97.

[4] Ibid., p. 105.

[5] Bureau of Statistics, Alberta Facts and Figures, 1950, p. 345.

[6] Publicity and Statistics Branch, Statistics of Progress, p. 153.

[7] Tom Naylor, op. cit., Vol. I, p. 160.

Private banking spread to the Prairie west, although in the area west of Manitoba not until after 1885. Some of the private banks even developed limited branch systems. For instance, from out of the 1899 split in one of the earliest private banks, Lafferty and Smith of Calgary, emerged two private banks with small branch systems. Lejeune, Smith and Co. was formed with branches in Calgary, Regina, and Moosomin; and Lafferty and Moore was also formed and evolved branches in Calgary, Regina, Edmonton, Lethbridge, and Moosomin. Typically, the branches began as partnerships between the main firm and a local businessman.[8]

As the use of currency spread and the chartered banks turned increasingly towards the control of savings deposits, a process of monopolization ensued which had devastating effects on the private banks, who often worked in an agency relationship with the chartered banks:

> The change in the relations of private and chartered banking reflected the shift in the chartered banks' liability structure towards the savings deposit business. The private banks, formerly complementary in the note issue business, became competitors for the community's savings. The result was a campaign of financial annihilation. Small banks were bought up or destroyed by calling in their credit lines. While the private banks had operated in small urban or rural areas as agents of the chartered, it had meant a net inflow of funds into the locality. The chartered bank credit line and /or notes sent for circulation were a supplement to the local savings mobilized for local investment by the private banker. But once savings deposits became the prime object of the chartered banks' attention, rather than their note issue, the flow ran in reverse. The chartered banks moved into the area and savings drained out, especially from rural Ontario as the Canadian agricultural frontier shifted from Ontario to the West.[9]

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[8] Ibid., p. 176.

[9] Ibid., Vol. I, pp. 159-160. For statistics on the shift in chartered bank liabilities towards savings deposits see Vol. I, p. 87.

One result was that by 1910 there were 2,363 bank branches but only 97 private banks.

With the growth of monopoly in banking, the power of banks to extract surplus value from various sections of the prairie population and influence the direction of development was increased substantially. In the determining of credit, interests rates, and investment priorities, the banks held 'life and death' sway over many economic decisions. For example, it has been estimated that by January 1908, the West alone had seen the failure of 1,228 general stores as a result of over-entry and of the credit squeeze administered by the banks and implement dealers after the crisis of 1907. According to Bradstreet's, the percentage of business failures in Canada during the years due to 'lack of capital', as measured in both numbers and liabilities, ran to as high as 74.4 percent in 1899 and 1900, to a 'low' of 41.3 percent in 1913. In all these pre-World War I years, the U.S. rate ranged from over 30 to about 10 percentage points lower than the Canadian rate.[10]

There were various techniques used to increase profits in the Prairie areas. For one, the rates of interest were generally higher in the west than in the metropolitan centres. The justification given was that western branches cost more to run than eastern branches--"this bold assertion coinciding with eulogies over the virtues of branch banking and its ability to equalize interest rates across the country".[11] Further, it has been suggested that while the banks made a pretence of accommodation to farmers, in key areas such as loaning money to farmers to hold grain, the banks refused to assist. By contrast, funds would be loaned to speculators and grain dealers. Since loans were made to fall due just before harvest, farmers could be compelled to sell to the latter on adverse terms.[12] In cases where farmers were on the three-month renewable loan system renewals were common every three months for up to four years with interest rates up to 14 percent compounded every three months. While the legal limit was 7 percent, discounting was used to avoid the usury laws:

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[10] Ibid., pp. 84-85.

[11] Ibid., p. 104.

> The bankers would openly and illegally meet annually in Winnipeg to collude on the terms of the discounts. Each branch too, except in the few sizeable communities, tended to have a local monopoly. And bank managers were changed frequently to prevent them from becoming too familiar with their clients and therefore sympathetic to local needs. The practices of arbitrarily seizing deposits for late payment or of illegally deducting expenses for the chattel mortgages out of deposits were widespread. All the banks were involved in these practices, but the Bank of Commerce seemed to win the prize for extortion and usury.[13]

The merging of bank and industrial capital and the formation of finance capital was illustrated many times in the rise of imperialism in Canada, although little has been written on the impact of this phenomenon on the western interior.[14] Probably the most vivid examples of the formation of finance capital were found in the railway-banking complexes which formed in Montreal and Toronto. The Montreal-based Bank of Montreal - C.P.R. grouping and the Toronto-based Canadian Bank of Commerce - Canadian Northern Railway grouping formed the major component in the rise of a financial oligarchy in central Canada.

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[12] Ibid., p. 105.

[13] Ibid., p. 106.

[14] An interesting and perhaps the only recent exception, but one limited by certain theoretical weaknesses is Karen Lee Anderson, "The Organisation of Capital for the Development of the Canadian West", M.A. thesis, University of Regina, 1974.

The Bank of Montreal - C.P.R. complex included such figures as Donald Smith (Lord Strathcona and "the Cecil Rhodes of western Canada"). R.B. Angus, Sir Thomas Shaughnessy, Senator Robert Mackay, C.R. Hosmer, and George Stephen. The web of interests in the complex extended far beyond the Bank of Montreal and C.P.R. railway to include mining, irrigation and land dealings, iron and steel, trust companies, flour, salt, etc.. For example, Consolidated Mining and Smelting Company, now Cominco, and other mining operations were originally formed as offshoots of the C.P.R. in 1905. This group was also involved in the formation of the Steel Company of Canada, now Stelco (1910), as a combination of Montreal Rolling Mills, Canada Screw Company, the Hamilton Iron and Steel Company, Pillow-Hersey, the Hodgson Iron and Tube Works, and Dominion Wire.[15] Other companies involved in the complex included Royal Trust, Ogilvie Flour Mills, Laurentide Company, Dominion Textile, Standard Life Assurance, among others.

The Bank of Commerce - Canadian Northern complex, which emerged after 1900, included Sir Edmund Walker, Senator George A. Cox, J.W. Flavelle, Senator Sir Lyman M. Jones, Zebulon A. Lash, E.R. Wood, Sir William Mackenzie and Sir Donald D. Mann.[16] These interests exercised power through such companies as the Canadian Bank of Commerce, Dominion Securities Corporation, Central Canada Loan and Savings Company, National Trust Company, and three assurance companies (The Canada Life, The British America, and the Western). In the industrial field, these interests were involved in the formation of the Dominion Steel Corporation merger (1910) and its subsidiaries (the Dominion Coal and Dominion Iron and Steel Companies), the Amalgamated Asbestos Corporation (1909), the Black Lake Consolidated Asbestos Company (1909), the Canada Cement Company (1910), the Canadian Car and Foundry Company (1909), and so on.[17]

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[15] Tom Naylor, op. cit., Vol. II, p. 189. See also Libbie and Frank Park, Anatomy of Big Business, Toronto: James Lewis and Samuel, 1973, Chap. 5.

[16] Ernest Epp, "Cooperation Among Capitalists", p. 181.

A detailed and full-scale study of the complexes of Canadian finance capital during the pre-World War I years has yet to be done, but the Grain Growers' Guide article of 1913, "Who Owns Canada?" was one of the earliest and, to this date, most effective analyses published. Of the 42 leading 'plutocrats' listed in this 1913 article, almost half of the 32 who held bank directorships were directors of either the Bank of Montreal or Canadian Bank of Commerce.[18] Nonetheless, there were other banking and industrial interests than those directly represented in these two banks. Many leading financial figures were involved in the Molsons Bank (Samuel Hamilton Ewing, George E. Drummond, D. McNicholl), the Imperial Bank (Daniel R. Wilkie, Senator R. Jaffray, Cawthra Mulock, Sir William Whyte), the Dominion Bank (Sir E.B. Osler, W.D. Matthews, Augustus Meredith Nanton), the Royal Bank (H.S. Holt, Thomas J. Drummond), the Metropolitan Bank (Samuel J. Moore), the Bank of Nova Scotia (Senator Nathaniel Curry, J.H. Plummer), and the Bank of Toronto (Robert and Stephen Meighen).[19]

Among the financial oligarchy in pre-War central Canada, the section which most deeply affected Alberta, especially southern Alberta, was the Bank of Montreal - C.P.R. complex. Through owning and controlling directly or indirectly the largest railway operation, the largest single land and mineral ownership, the largest irrigation enterprises in Alberta, coal mining operations, and banking and other financial institutions, this grouping of interests dominated Alberta's early development. Its associated lawyers and junior partners such as James Lougheed and R.B. Bennett of Calgary played important roles in furthering the interests of central Canadian finance capital in the western interior. This grouping also led the first major Canadian expansion of the imperialist era, the building of the Crow's Nest Pass Railway from Lethbridge to Nelson, in the southern British Columbia interior, beginning in 1897-98.

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[17] Ibid., pp. 181-185.

[18] Ibid., p. 182.

[19] Ibid., pp. 182-183.

The Crow's Nest Pass line was built in an effort to expand and consolidate the C.P.R.'s hold in southern British Columbia in advance of the Great Northern Railway. Sir William Van Horne, the C.P.R.'s chairman of the Board, commented that one of Canada's three needs was "the protection of the interests of the Dominion in the mining districts of southern British Columbia".[20] The C.P.R. interests managed to a large extent to displace U.S. interests in the mineral-rich Kootenay region. Their ascendency was consummated by the formation and expansion of Consolidated Mining and Smelting (1905) and a large number of associated acquisitions of mining properties and companies.

Max Aitken and his Royal Securities operation in Montreal was another element of Canadian finance capital who had a major impact on early Alberta. He exemplified the use of the "holding system" [21] ("holding company") techniques and other manipulations of finance capital, which left its imprint on the formation of Canada Cement and Calgary Power. The latter was controlled by Montreal Engineering, an Aitken holding company. During the

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[20] Ibid., p. 172.

[21] See V.I. Lenin, "Imperialism", pp. 228-229.

1910s and 1920s, still other emanations of finance capital, mainly U.S. finance capital, engaged in the struggle for control over various sectors of Alberta's economy, but particularly oil and gas development.

Imperial Oil, which had been taken over by the Rockefeller Standard Oil complex by 1899, had registered in the North-West Territories as a "foreign" (or extra-provincial) company as early as 1902, but was not active there until about 1913.[22] The growing need for oil, spurred by World War I and the naval conversion from coal to oil, led to an intensified search for oil in the western U.S. and Canada. In 1917, Imperial established the Northwest Company as a subsidiary for exploration. As well, there appeared a sharpened international rivalry between Standard Oil through Imperial and Royal Dutch Shell.[23] The latter, which was owned jointly by Dutch and British capitals, attempted to obtain a monopoly exploration concession from the Canadian government, but Imperial responded by intensifying its own exploration work, which led to the 1920 Fort Norman discovery. Shell was unsuccessful, while Imperial went on to become the most powerful element of monopoly capital in Alberta.

During the 1920s, a major U.S. public utility holding company, International Utilities, formed in 1924, moved into Alberta and succeeded in taking control of major gas and power utilities. Canadian Western Natural Gas, Light, Heat and Power Company (1912), Ltd., which supplied gas to Calgary, Lethbridge, and 18 towns in southern Alberta, was taken over in 1925. That same year, Edmonton Utilities and Northwestern Utilities, which supplied gas to Edmonton and 5 towns in northern Alberta, was taken over. In 1927, International Utilities acquired Canadian Utilities Ltd., which supplied electricity to Grande Prairie, Yorkton (Saskatchewan), and 47 towns in both provinces; and, in 1928, it acquired Union Power which supplied electricity in Drumheller and 32 other Alberta towns.[24] By the 1930s, most of Alberta's gas and electricity production had come under outside monopoly ownership by holding companies of U.S. and central Canadian finance capital.

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[22] George Sweet Gibb and Evelyn H. Knowlton, The Resurgent Years, 1911-1927, History of Standard Oil Company (New Jersey), Volume 2, New York: Harper and Brothers, 1956, pp. 89-90.

[23] Ibid., pp. 90, 422-423.

The Export of Capital

Another feature of modern imperialism is that the export of capital as distinct from the export of commodities became typical and important. This was reflected both in the development of Canada as a whole and in the development of the western interior.

Estimates of foreign investment in Canada, including both portfolio and direct investment help to demonstrate the rapid growth of the European and U.S. export of capital into Canada (see Table 8.2). At the same time there was also a rapid increase in Canadian foreign investment abroad (see Table 8.3). In particular, substantial foreign investments were made by central Canadian and eastern Canadian banks, railroad companies, insurance companies, and utilities in the U.S. and Latin America.[25] As we will see,

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[24] Herbert Marshall et al, op. cit., p. 145.

[25] While little statistical and historical material has been published on early Canadian foreign investment abroad, Tom Naylor has helped to cast some light on the phenomenon. See Tom Naylor, "Canada's International Commercial Expansion to 1914", Our Generation, Vol. 10, No. 4, pp. 5-42, and History of Canadian Business, Vol. II, Chapter XVI. Canadian investment in the U.S. is treated in Herbert Marshall et al, op. cit., Chapters I, III, and Excursus.

Table 8.2

Estimates of Foreign Capital Invested in Canada for Selected Years, 1900-1960

Year	Total nonresident investment $ millions (percent) Total	Total nonresident investment Portfolio portion	Investment by residents of the U.K. $ millions (percent) Total	Investment by residents of the U.K. Portfolio portion	Investment by residents of the U.S. $ millions (percent) Total	Investment by residents of the U.S. Portfolio portion	Investment by residents of other countries $ millions (percent) Total	Investment by residents of other countries Portfolio portion
1900	1,232	-	1,050 (85)	-	168 (14)	-	141 (1)	-
1905	1,540	-	1,212 (79)	-	290 (19)	-	39 (2)	-
1910	2,529	-	1,958 (77)	-	487 (19)	-	84 (4)	-
1913	3,746	-	2,793 (75)	-	780 (21)	-	173 (5)	-
1914	3,837	-	2,778 (72)	-	881 (23)	-	178 (5)	-
1916	4,323	-	2,840 (66)	-	1,307 (30)	-	176 (4)	-
1918	4,536	-	2,729 (60)	-	1,630 (36)	-	177 (4)	-
1920	4,870	-	2,577 (53)	-	2,128 (44)	-	165 (3)	-
1922	5,207	-	2,464 (47)	-	2,593 (50)	-	150 (3)	-
1924	5,616	-	2,372 (42)	-	3,094 (55)	-	150 (3)	-
1926	6,003	(70)	2,637 (44)	(87)	3,196 (53)	(56)	170 (3)	(75)
1930	7,614	(68)	2,766 (36)	(86)	4,660 (61)	(57)	188 (3)	(78)
1939	6,913	(67)	2,476 (36)	(85)	4,151 (60)	(55)	286 (4)	(83)
1945	7,092	(62)	1.750 (25)	(80)	4,990 (70)	(54)	352 (5)	(83)
1949	7,963	(55)	1,717 (22)	(75)	5,960 (74)	(48)	340 (4)	(81)
1955	13,473	(43)	2,356 (18)	(62)	10,275 (76)	(37)	842 (6)	(51)
1959	20,857	(43)	3,199 (15)	(57)	15,826 (76)	(37)	1,832 (9)	(67)
1960	22,200	(42)	3,359 (15)	(54)	16,718 (75)	(37)	2,123 (10)	(63)

Source: M.C. Urquhart and K.A.H. Buckley (eds.), Historical Statistics of Canada, p. 169.

Table 8.3

Canadian Capital Invested in Other Countries for Selected Years, 1900-1960

	Total Canadian capital abroad $ millions	(percent)	Private investments abroad $ millions	(percent)	Government of Canada credits abroad $ millions
Year	Total	Portfolio portion	Total	Portfolio portion	Total
1900	97.2	-	-	-	-
1905	149.3	-	--	-	-
1910	215.2	-	-	-	-
1913	237.2	-	-	-	-
1914	402.6	-	424.7	-	- 22.1
1916	541.6	-	654.1	-	- 112.5
1918	919.7	-	687.6	-	232.1
1920	894.0	-	701.3	-	192.7
1922	771.5	-	641.0	-	130.5
1924	833.9	-	785.3	-	48.6
1926	926	(53)	890	(55)	36
1930	1,263	(62)	1,232	(64)	31
1939	1,421	(51)	1,390	(52)	31
1945	2,048	(30)	1,341	(46)	707
1949	3,564	(18)	1,564	(41)	2,000
1955	4,368	(23)	2,733	(36)	1,635
1959	4,911	(24)	3,460	(34)	1,451
1960	5,193	(25)	3,775	(34)	1,418

Source: Frank A. Knox, "Excursus", in Herbert Marshall et al, op. cit., Table D, p. 306; M.C. Urquhart and K.A.H. Buckley, eds.), Historical Statistics of Canada, p. 171.

both the foreign and Canadian expansions appeared in the western interior.

Most investments in the Alberta region before the rise of modern imperialism were central and eastern Canadian investments. However, these investments were often associated with British banking interests. For example, the Galt companies in southern Alberta were involved with British capital through figures such as William Lethbridge. By the mid-1880s, the C.P.R. was using British, as well as U.S. and other European financing, although decisive ownership and control remained in Canada. As well, several direct investments in large-scale ranching and land dealing arrived from Britain, and some U.S. investments appeared in these and other fields. Notable among U.S. investments, for example, was the Eau Claire and Bow River Lumber Company which began in Calgary in 1886 and was soon involved in lumbering, lumber milling, and electric power generation.

The ties of Canadian capital with British capital were most pronounced in the Bank of Montreal - C.P.R. complex. For instance, in 1892 the Conservative government appointed the Bank of Montreal as the Canadian government's financial manager in London. The Financial Times estimated that British investment in Canada between 1906 and 1913 grew by £246 million, of which over half was negotiated by the Bank of Montreal.[27] Furthermore, in the international rivalry between various European and U.S. finance capitals, Canadian capital tended to ally itself with British capital over U.S. capital during the years before the 1920s. Nonetheless, it would be in error to treat Canadian capital as merely an agent or extension of British capital.

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[27] Merrill Denison, Canada's First Bank: A History of the Bank of Montreal, Toronto-Montreal: McClelland and Stewart, 1967, Vol. 2, pp. 258, 294.

Canadian capital was developing its own productive base and markets in alliance with various capitals in varying degrees of competition as well as collaboration. Though colonial elements and vestiges existed (and some remain to this day), they were being weakened. The World War I years marked the decline of British imperialism in the world generally and in Canada in particular. By the 1920s, Canada itself had entered the ranks of the imperialist countries, but as a lesser power with highly uneven internal development.

The turn of the century brought a rapid rise in the number and amounts of central Canadian, British, and U.S. investments in the Alberta region. Although precise statistics on these investments are not yet available, some trends deserve at least initial comment. The following figures (in Table 8.4) give the number of new registrations under "foreign" companies legislation in the North-West Territories and were calculated from the list of foreign company registrations in the Appendix.

Table 8.4. New Registrations of "Foreign" (or Extra-Territorial) Companies under North-West Territories Legislation until 1905.

	Number		Number
1887	2	1897	2
1888	1	1898	5
1889	1	1899	9
1890	1	1900	9
1891	7	1901	88
1892	2	1902	42
1893	1	1903	38
1894	2	1904	42
1895	-	1905	49
1896	1	Total	302

Source: Alberta provincial companies records (see Appendix Table A.10.)

While some of the above increases may perhaps be explained by changes in the administering of records, the trend is far too sharp to disregard the jump occurring after 1900. Furthermore, this trend is confirmed by Dominion data.[28]

Of total foreign investment between the 25 years of 1896 to 1914, approximately 70 percent originated in Britain. In certain years, Canada actually accounted for as much as 22.6 percent of British capital exports.[29] Unfortunately, accurate estimates and regional distributions of the amount of foreign direct investment relative to portfolio investment are not yet available for all foreign capital before 1926. From estimates that have been attempted,[30] it appears British foreign investment was overwhelmingly in portfolio form. This was notably the case in the Canadian-owned Canadian Northern and the British-owned Grand Trunk Pacific railway development where London bond issues guaranteed by the Canadian provincial and municipal governments were a typical means of financing. The Alberta government was deeply involved in guarantees of bonds floated in London for these and other lines, particularly the Alberta and Great Waterways and the Edmonton, Dunvegan, and B.C..

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[28] See Donald G. Paterson, British Direct Investment in Canada, 1890-1914, Toronto and Buffalo: University of Toronto Press, 1976, pp. 26, 49.

[29] D.G. Paterson, op. cit., pp. 3-4. Both Hobson in his Imperialism and Lenin ("Imperialism", p. 243) were aware of the importance of Canada in British capital export.

[30] See Herbert Marshall, "Section F: The Balance of International Payments, International Indebtedness and Foreign Trade", in M.C. Urquhart and K.A.H. Buckley, op. cit., pp. 142ff; D.G. Paterson, op. cit., Chapter 1.

British direct investment was also important in the western interior. Paterson shows that for the 1890 to 1914 period, western Canada, especially B.C., received the greatest amount of British direct investment "largely because of the type of activity they [British 'entrepreneurs'] preferred to take".[31] In Alberta, British direct investment (excluding railways) was most evident in rural and urban land and, to a lesser degree, in distribution, finance, and mining.[32] Nonetheless, in terms of foreign direct investment, U.S. direct investment in Canada exceeded the British direct investment. In 1897, British direct investment was estimated to be about $84.5 million, while U.S. direct investment was estimated at about $159.7 million. Adjusting for the omission of British direct investment in railroads, it was found that British direct investment was only 57.5 percent of the comparable U.S. investment, although both totals were quite large.[33]

The importance of land dealing also figured prominently into the U.S. direct investments, although the primary fields of investment were natural resources and manufacturing. The following figures by F.W. Field were rough estimates of the magnitude of U.S. direct investment in Canada in various fields:[34]

	millions of dollars	
	1909	1913
Branch companies	105.0	135.0
Packing plants	5.0	6.8
B.C. lumber, timber paper mills	58.0	71.0
B.C. mines	50.0	62.0

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[31] D.G. Paterson, op. cit., pp. 51, 53.

[32] Ibid., Chapter 3 and Appendix B. Paterson's study excluded British direct investment in railroads (p. 18).

[33] Ibid., pp. 53-54.

[34] Ibid., p. 55.

	millions of dollars	
	1909	1913
Land dealings in B.C.	4.5	60.0
Land deals in Prairies	20.0	41.0
City and town property	-	20.0
Others	11.6	44.6
Total	254.1	445.4

As can be seen in the Appendix and Table 8.5, there were interests other than those in central Canada, Britain, and the U.S. who were exporting capital to the Prairies although their quantitative significance was comparatively minor. Within Canada there was some capital export from British Columbia and probably more from Winnipeg. As for Europe, some capital came from France, Germany, and the Netherlands.

The possibility of capital export depended upon the fact that "a number of backward countries have already been drawn into world capitalist intercourse; main railways have either been or are being built in those countries, elementary conditions for industrial development have been created, etc.".[35] Hence, one can explain at least in part the active role taken by Canadian capital and its allies in the Canadian state in developing the infrastructure and social conditions for investment, such as in railways, immigration, utilities and urban services, etc., despite the fact that in earlier stages of development such investment may at times be unprofitable. Indeed, much early discussion of both private and state investment in the Prairie west centered around the question of how both could promote or stimulate outside investment in the region.

Given the existence of regions with at least minimal conditions for

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[35] V.I. Lenin, "Imperialism", pp. 242-242.

Table 8.5

Official Registrations of "Foreign" Companies in the North-West Territories to 1905

Year	Place of incorporation, if stated									Place of incorporation not stated	Total registrations
	Canadian										
	Dominion	B.C.	Man.	Ont.	Que.	Sub-total	Imperial (British)	U.S.	Other countries		
1887	1					1	1				2
1888										1	1
1889										1	1
1890										1	1
1891										7	7
1892										2	2
1893				1		1					1
1894										2	2
1895										-	-
1896										1	1
1897				2		2					2
1898			4	1		5					5
1899		1	6	1		8	1				9
1900											
1901		1	3	2		6	2	1			9
1902	8	1	4	6	1	20	4	17	1		42
1903			8	2		10		5		23	38
1904										42	42
1905										49	49
Total	36	4	31	26	3	100	30	42	1	129	302

Source: Alberta Companies Branch records (see Appendix). Further stages of research probably could identify the place of incorporation where it was not stated, as well as ultimate ownership of the company, which is not necessarily the same as the place of incorporation.

capitalist investment, capital export proceeds when the exporting area or country expects a higher long-run profitability over domestic investment. This includes strategic considerations such as the control of actual and potential markets, sources of raw materials, and politico-military concessions and 'stability'. Thus the "superabundance of capital", that is, superabundance given a certain rate of profit, leads to capital export, since domestic investment would tend to lower the general rate of return to capital.[36]

The actual value of wealth and the flow of surplus from investments in Alberta and the western interior has received little study, although Paterson attempted to treat British direct investments in aggregate and by sector. He estimated that aggregate dividend payments from all British direct investment reached their pre-World War I peak in 1913 at about $7.0 million.[37] The most profitable sectors were generally land and finance. In 1910 and 1911, for example, over 60 percent of dividends were from land operations,[38] although the profits in land dealing were tied closely to land prices and thus tended to fluctuate considerably. Also, the rates of return, as calculated on the value of dividends as a percentage of paid-up share capital, were generally highest in land and finance. In 1907, 1910, and 1911, British direct investments in land returned over 20 percent; however, Paterson calculated the aggregate rates for those years at 4.26, 4.89, and 5.42 percents.[39] This latter was sometimes lower than the yield on corporate bonds (6.0, 5.14, and 5.12 percents, respectively), but higher than the yield on Province of Ontario bonds (4.25, 4.00, and 4.00 percents, respectively).[40] These facts tend to suggest that British direct investments had greater success in extracting surplus value from the Prairie west than other areas of Canada.

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[36] Scarcity and the dispossession of a section of the population is necessary for the preservation of the system of capitalist wage-labour. At the world level, ". . . both uneven development and a semi-starvation level of existence of the masses are inevitable conditions and constitute premises of this mode of production. As long as capitalism remains what it is, surplus capital will be utilised not for the purpose of raising the standard of living of the masses in a given country, for this would mean a decline in profits for the capitalists, but for the purpose of increasing profits by exporting capital abroad to the backward countries. In these backward countries profits are usually high, for capital is scarce, the price of land is relatively low, wages are low, raw materials are cheap." (Ibid., p. 241.)

[37] D.G. Paterson, op. cit., p. 30.

[38] Ibid., p. 31. For details on some individual firms see Table 4.3, pp. 92-95.

Paterson contends that in aggregate, profits were made by British direct investments only in the land and financial sectors, in effect, that most British direct investments cost their owners more than they returned. This, he claims, was due to various 'conservative' investment practices, in particular: "The reluctance to invest in manufacturing and the inability to adapt to the Canadian conditions of extensive resource development produced this unfavourable record."[41] He concludes that in the crucial 25 years prior to World War I, which were critical in shaping subsequent foreign investment patterns, "British direct investment was not, by virtue of its business characteristics, dynamic enough to match that of the United States."[42] Paterson also argues that the returns of Canadian domestic firms were generally higher than British direct investments and that the latter were liquidated more often than Canadian businesses.[43]

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[39] Ibid., p. 89.

[40] M.C. Urquhart and K.A.H. Buckley, op. cit., p. 274.

[41] D.G. Paterson, op. cit., p. 102.

[42] Ibid., p. 114.

While this might help provide one particular reason for the eventual dominance of (central) Canadian domestic investment and U.S. direct investment in the Alberta region, a full explanation would have to encompass many other matters, including the general balance of international economic and military relations leading up to World War I, and the role of portfolio investment. In particular, approaching the problem simply from the 'traditional' standpoint of asking why was one imperialism more effective or efficient in extracting surplus value than another imperialism, tends to ignore the domestic political economy and its active role in determining these historical conclusions.

Another problem which arises in Paterson's approach lies in his falling towards the view of imperialism as being an economic burden on the bourgeoisies of the imperialist countries. Several of his estimates are dependent on data and calculations whose reliability, and scope, are open to question;[44] but even so, one is inclined to ask why, if British direct investments were such apparent losers as early as the 1890s, did they continue and actually expand. Further, his approach seems to ignore the "superabundance issue" (the possibility of 'push' factors) and strategic factors (actual and potential control of markets, raw materials, etc.). For example, the failure of some firms does not mean that capital necessarily relents from emulating a few who do succeed. Neither can the 'time frame' of particular investments be assumed arbitrarily in retrospect. For instance, certain British direct investments might have had considerably higher returns, as originally anticipated--' imperialist expectations'--if a longer period of accumulation or 'unforeseen disasters' that affected on imperialist rival more sharply than another, such as World War I, were taken into account.

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[43] Ibid., pp. 89-90, 103.

[44] For example, a rigorous treatment of profit (and certainly surplus value) must go far beyond the consideration of dividends payments, to include such matters as rents, retained earnings, interest payments, taxes, royalties, salaries to managers and directors, etc..

In any case, in treating British imperialism's impact on Canadian development, the role of capital export in its portfolio form was paramount. It is interesting to observe that British direct investment in Canada between 1890 and 1914 included the formation of about 21 mortgage companies or trust and loan companies involved in mortgage extensions and about 29 companies for purposes of general investment, which also included mortgages and loans and the promotion of settlement, and tended to concentrate in western Canada where agricultural expansion and the rate of urbanization were greater.[45] However, most major financing was done directly in the London bond market and involved Canadian banks as well as British (and U.S.) financial institutions. Moreover, Canadian banks, who also were active in mortgages and loans, were overwhelmingly dominant in western Canada, especially in the field of savings deposits. This is significant as one more indication that in the economic division of the world, the Canadian business class had taken hold of western Canada.

> . . . finance capital, literally, one might say, spreads its net over all countries of the world. An important role in this is played by banks founded in the colonies and by their branches. German imperialists look with envy at the "old" colonial countries which have been particularly "successful" in providing for themselves in this respect. In 1904, Britain had 50 colonial banks with 2,279

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[45] D.G. Paterson, op. cit., p. 69.

> branches (in 1910 there were 72 banks with 5,449 branches); France had 20 with 136 branches; Holland, 16 with 68 branches; and Germany had "only" 13 with 70 branches. The American capitalists, in their turn, are jealous of the English and German. "In South America," they complained in 1915, "five German banks have forty branches and five British banks have seventy branches. . . . Britain and Germany have invested in Argentina, Brazil, and Uruguay in the last twenty-five years approximately four thousand million dollars, and as a result together enjoy 46 percent of the total trade of these three countries".[46]

Here, one might also note that the export of capital and the export of commodities are not necessarily in contradiction with each other. The export of capital can become a means of encouraging the export of commodities,[47] although in a fashion that can be more easily controlled and directed towards terms of trade and an international division of labour favourable to the interests of finance capital in particular imperialist countries, including Canada.

The Economic and Territorial Divisions of the World

The fourth feature of imperialism, the formation of international monopolist capitalist associations which share the world among themselves, arose from the rise of monopoly capital and its growth beyond the confines of the home market into foreign markets: "As the export of capital increased, and as the foreign and colonial connections and 'sphere of influence' of the big monopolist associations [or combines--cartels, syndicates, and trusts] expanded in all ways, things 'naturally' gravitated towards an international agreement among these associations, and towards the formation of international cartels."[48]

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[46] V.I. Lenin, "Imperialism", p. 245.

[47] See ibid., p. 244.

This new stage of concentration or 'supermonopoly' was reflected in Canada and particularly in the western interior, as being a relatively small market, although one with rich reserves of natural resources, within the world economy. Generally, in the division of 'economic territory' the western interior belonged to Canadian, U.S. and British finance capital. Several of these divisions have been considered already. For example, in the development of railways, Canadian and, to a lesser degree, British finance played an especially important role in 'staking out' western Canada, such as the Kootenay area, for central Canadian interests. Brief mention has also been made of the struggle between Royal-Dutch Shell and Imperial Oil in the petroleum industry. Here the conflict was resolved in favour of Imperial Oil to the long-run advantage of U.S. finance capital, particularly the Rockefeller interests.[49]

Another major example of the involvement of monopoly in international cartelization was "the Electric Trust". In Canada, the Canadian General Electric Company had no less than eight (divided evenly between Toronto and Montreal) of its thirteen directors from the 42 leading finance capitalists identified by the Grain Growers' Guide article mentioned earlier.[50] The company was formed in 1893 in central Canada as a merger including the Edison Electric Company, Edison Electric Light Company, Thomson-Houston International Electric Company, and Toronto Construction and Electric Supply Company, the first three being Canadian subsidiaries of U.S. parent companies then merging to form the General Electric Company in the U.S.[51] About 1895, Canadian interests led by Senator Frederick Nicholls bought out most of the U.S.-owned shares in the company, but in 1923, after the death of Nicholls, the American company bought back Canadian General Electric. Nonetheless, during the Canadian-ownership phase (1895-1923), Canadian General Electric had a close relationship with the U.S. General Electric which involved "agreements covering technical cooperation and exclusive manufacturing arrangements".[52]

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[48] Ibid., p. 246.

[49] For further discussion of Standard Oil, Shell and the international rivalries and arrangements of the pre-World War II period see: Kendall Beaton, *Enterprise in Oil: A History of Shell in the United States*, New York: Appleton-Century-Crafts, 1957; Business History Foundation, *History of Standard Oil Company (New Jersey)*, New York: Harper and Brothers, 1956, 4 Vols.; Anthony Sampson, *The Seven Sisters: The Great Oil Companies and the World They Made*, London: Coronet Books, 1975, Chapters 2-5; Ed Shaffer, "The Empire of Exxon", in James Laxer and Anne Martin (eds.), *The Big Tough Expensive Job: Imperial Oil and the Canadian Economy*, Ontario: Press Porcepic, 1976, pp. 1-16; Michael Tanzer, *The Energy Crisis: World Struggle for Wealth and Power*, New York and London: Monthly Review Press, 1974, Chapter 3. Lenin also considered the oil industry as an example of the struggle for redivision (see "Imperialism", pp. 248-251.)

The activity of the Canadian General Electric Company was evident in Alberta with the formation of the Western General Electric, Ltd., in 1904. The company was situated at Red Deer and formed to act as an electric power company and to deal in the manufacture, assembly, and installation of applicances used in connection with water, steam, gas, electric and telephone services. In became most prominent as the "Electric Light Company", supplying power to Red Deer until 1926. The Western General Electric was majority-owned out of Toronto, although there were some local shareholders including the prominent Red Deer businessmen, Raymond L. Gaetz and Josiah M. Smith.

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[50] E. Epp, "Cooperation Among Capitalists", pp. 183-184.

[51] H. Marshall et al, op. cit., p. 72.

[52] Ibid., p. 72.

In 1907, the German and U.S. trusts of General Electric, that is, A.E.G. and American General Electric, respectively, concluded an agreement to 'divide the world':

> Competition between them ceased. The American General Electric Company (G.E.C.) "got" the United States and Canada. The German General Electric Company (A.E.G.) "got" Germany, Austria, Russia, Holland, Denmark, Switzerland, Turkey and the Balkans. Special agreements, naturally secret, were concluded regarding the penetration of "daughter companies" into new branches of industry, into "new" countries not yet allotted. The two trusts were to exchange inventions and experiments.
>
> The difficulty of competing against this trust, actually a single world-wide trust controlling a capital of several thousand million, with "branches", agencies, representatives, connections, etc., in every corner of the world, is self-evident.[53]

The association or combines established in particular areas were closely tied to state policies and state monopolies. In Canada, the role of the state in the formation of the C.P.R., and its later expansion, notably the "Crow's Nest Pass agreement" (1897), is well-known. By means of charters, licencing, tax concessions, and various 'special' arrangements, federal, provincial, and municipal levels of the state have been involved in the establishing of monopolies and monopolistic arrangements. Perhaps one of the most important examples of this activity was in the area of banking. Through chartering and the roughly decennial revisions of Canadian banking legislation, Canadian bank capital and the Canadian Bankers Association was able to maintain the Canadian market as its own since the 19th century. Until the most recent revision of the Bank Act, still in process at the time of writing, foreign banks were prevented from being chartered or from taking over Canadian banks.[57] Thus, Canadian banks were able to reserve for themselves the market in western Canada. As noted in the previous chapter, this was a major cause of the rapid accumulation of Canadian bank capital in the first decades of this century and Canada's rise into the ranks of the imperialist countries.

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[53] V.I. Lenin, "Imperialism", p. 248.

The formation of country-wide and world-wide combines and monopolistic practices did not imply their permanent or unaltered existence. Changes brought about by cyclical crises, uneven technological advance among firms, the opening of new markets, war or other politico-military factors gave rise to a variety of changes in the scope and structure of the economic division of the world. With respect to Canada, including the western interior, a general tendency has been the shift from the British sphere of interest to the U.S. sphere of interest. Canadian capital has had its own monopoly arrangements as well as joint monopoly arrangements with British and U.S. capital, primarily, and other foreign capitals, secondarily. But these have undergone major changes during the century, particularly during war times. In the analysis of such changes, Lenin made an important theoretical observation:

> The capitalists divide the world, not out of any particular malice, but because the degree of concentration which has been reached forces them to adopt this method in order to obtain profits. And they divide it "in proportion to capital", "in proportion to strength", because there cannot be any other method of division under commodity production and capitalism. But strength varies with the degree of economic and political development. In order to understand what is taking place it is necessary to know what questions are settled by the changes in strength. The

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[54] Recent changes permit foreign banks to become established in Canada as a reciprocal concession by Canadian banking interests to expand further internationally, especially in the U.S..

> question as to whether these changes are "purely" economic or non-economic (e.g., military) is a secondary one, which cannot in the least affect fundamental views on the latest epoch of capitalism. To substitute the question of the form of the struggle and agreements (today peaceful, tomorrow warlike, the next day warlike again) for the question of substance of the struggle and agreements between capitalist asociations is to sink to the role of a sophist.[55]

The result of capital export and the attempt of finance capital to divide the world led to the actual division of the world, which included not only division through combines and "economic territory", but the real territorial division of the world: "The epoch of the latest stage of capitalism shows us that certain relations between capitalist associations grow up, based on the economic division of the world; while parallel to and in connection with it, certain relations grow up between political alliances, between states, on the basis of the territorial division of the world, of the struggle for colonies, of the 'struggle for spheres of influence'".[56] In Lenin's treatment of this fifth and final essential feature of modern imperialism, the emphasis is upon the fact that the "great powers" have completed the division of the world and, with modern imperialism, the 'scarcity' of territory to control begins a period of struggle for the redivision of territories.

As noted in the previous chapter, there were significant changes in the colonial system during the mid-19th century, heralded by the victory of "free trade" in Britain. Despite a growth of independence in certain colonies, including Canada, colonialism itself was continued and actually expanded, especially towards the end of the 19th century:

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[55] V.I. Lenin, "Imperialism", p. 253.

[56] Ibid., p. 253.

> Between 1800 and 1878, Europe added some 6,500,000 square miles to its claims; between then and 1914 another 8,653,000. In 1800 Europe and its possessions (including ex-colonies) covered about 55 per cent of the land surface of the world; in 1878, 67 percent, and in 1914, 84.4 percent. Expansion continued; by 1939, the only significant countries that had not been under European rule were Turkey, parts of Arabia, Persia, China, Tibet, Mongolia, and Siam. In addition to new colonies, there were new colonial powers--Italy, Belgium, the United States, and Russia.[57]

Lenin argued that it was precisely after the period of capitalist development in the 1860s and 1870s, when free competition was predominant, "that the tremendous 'boom' in colonial conquests begins, and that the struggle for the territorial division of the world becomes extraordinarily sharp."[58] He concluded that this change was brought about by the transition to monopoly capitalism. What marked the arrival of modern imperialism was completion of territorial partition, that is, there were no longer unoccupied territories, meaning "territories that do not belong to any state".[59] Since capital was overflowing its home boundaries and seeking new areas of investment, the completion of territorial division ended or placed limits upon extensive growth into 'new territory', and compelled an intensified struggle over territory already occupied or at least directly claimed:

> . . . the colonial policy of the capitalist countries has completed the seizure of the unoccupied territories on our planet. For the first time the world is completely divided up, so that in the future only redivision is possible, i.e., territories can only pass from one "owner" to another,

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[57] D.K. Fieldhouse, The Colonial Empires: A Comparative Survey from the Eighteenth Century, New York: Dell, 1966, p. 178.

[58] V.I. Lenin, "Imperialism", p. 255.

[59] Ibid., p. 254.

> instead of passing as ownerless territory to an "owner".
>
> Hence, we are living in a peculiar epoch of world colonial policy, which is most closely connected with the "latest stage in the development of capitalism", with finance capital.[60]

For these reasons also we are dealing with an imperialism of a new type, which has been termed "modern imperialism" or monopoly capitalist imperialism to distinguish it from earlier "empires" and "imperialisms".

There are many political economic and legal[61] questions which still remain to be answered regarding Canada's transition from a group of colonies to an imperialist power. One of these is the correct characterization of Canada's position among the number of "transitional forms of state dependence" such as the "semi-colony" and the country with finance and diplomatic dependence accompanied by political independence.[62] Whether Canada was one, or both, or other than these remains an important historical question for another day; however, it is argued here that there was Canadian territorial annexation and expansion of a colonial form which has been especially evident in western and northern Canada, and that the rise of modern imperialism, including Canadian finance capital, seriously affected the character of that expansion.

The previous chapter considered the character of 'internal colonization' following the 1870 annexation of the western interior. Much of this annexation was a legal claim to territory with little substance until 'filled out' by the process of internal colonization. By the turn of the century there began the aggressive expansion and colonization characteristic of modern imperialism. In certain respects it did not involve further 'legal' annexations, for that had been 'completed' at least roughly much earlier. However, there were several disputes, particularly with the U.S. over the boundaries of Canada, such as the Alaska Boundary Dispute in 1903,[63] and, more importantly, numerous efforts to substantiate claims in areas open to potential dispute or annexation, such as the 'far North'.[64]

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[60] Ibid., p. 254.

[61] An extremely interesting but by no means complete or fully rigorous treatment of "law in the colonies" is contained in D.N. Pritt, Law, Class and Society, London: Lawrence and Wishart, 1971, Book 3.

[62] V.I. Lenin, "Imperialism", pp. 263-264.

While several new studies[65] are contributing to a greater awareness of the geography of early Canadian expansion, and undermining a traditional explanation of Canadian expansion as "defensive expansionism",[66] the real basis of new interpretations of Canadian state and capitalist expansion must begin in the study of the history of the Native Peoples and their pre-state economy and society. The problem of racism towards the Indian and Métis peoples has tended to create a situation where their role has been viewed as 'peripheral', and the full meaning and impact of colonialism and imperialism has been 'blocked out'. Similarily, but to a lesser degree, the problems of racism and national chauvinism towards non-Anglo-Saxon peoples, particularly the French Canadian people and various immigrant groups in Canada, have also prevented a complete and objective picture of Canadian political economic development from emerging.

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[63] The dispute over the Alaska 'panhandle' was resolved in favour of U.S. imperialism, one indication of the real balance of forces then existing among the U.S., Britain, and Canada. See A.R.M. Lower, Colony to Nation, pp. 442-443, for a brief discussion of the dispute.

[64] See, for example, Yolande Dorion-Robitaille, Captain T.E. Bernier's Contribution to Canadian Sovereignty in the Arctic, Ottawa: Ministry of Indian and Northern Affairs, 1978.

[65] A useful general study published recently is Norman L. Nicholson, The Boundaries of Confederation, Toronto: Macmillan Company of Canada, 1979.

[66] Of course, Canada is not alone in having legitimations of its expansions as being "defensive" or for purposes of "defence".

An indication of the impact of territorial division on the Alberta region can be viewed in the Chapter Six map on the political evolution of Canada. From the 'rough' 1870 annexation one can discern an accelerated process of definition and clarification of boundaries paralleling the growth of alien settlement in various areas of western and, later, northern Canada. Treaty formation, considered in Chapter Six, also reflected this expansion. Furthermore, and also of major importance, there was a process of internal territorial division giving rise to various territorial, administrative district, and provincial units. This form of territorial division, which has involved considerable struggle, was apparent in the formation of the Province of Alberta (also discussed in Chapter Six.). Even within the provincial and other well-established units the process of actual economic expansion remains an important element for understanding capitalist development in the western interior. This has certainly been the case in the northern areas of all three Prairie provinces. It is a significant fact that in many northern areas of the western interior the Native population still outnumbers the 'settler', just as it was a significant fact, but one often ignored, that the Native population of Alberta outnumbered the settler population until the 1890s.

The struggle over territorial division is directly associated with the role of the state in capitalist development. Through its position in the imperialist state, finance capital is able to ensure state-enforced monopoly in the colony, particularly over its natural resources:

> Colonial possession alone gives the monopolies complete guarantee against all contingencies in the struggle against competitors, including the case of the adversary wanting to be protected by a law establishing a state monopoly. The more capitalism is developed, the more strongly the shortage of raw materials is felt, the more intense the competition and the hunt for sources of raw materials throughout the whole world, the more desperate the struggle for the acquisition of colonies.[67]

The control of natural resources in the western interior, exemplified in the history of Dominion Lands policy and administration, was among the most important focal points or issues of struggle in the development of the Alberta region. By means of the federal state monopoly and private (noteably C.P.R.) monopoly over vast resources in the region, a particular pattern of capitalist accumulation advantageous to central Canadian finance capital was guaranteed.[68] With the transfer of Dominion Lands to Alberta and Saskatchewan in 1930, control over the actual and potential sources of wealth shifted significantly, and opened up the possibilities of new patterns in capitalist accumulation. The impact of the 1930 transfer is now being realised in Alberta and Saskatchewan, but the struggle over control of the resources is by no means concluded. Insofar as the Province of Alberta gained possession of a major resource monopoly in 1930, there was, at least formally, the recognition of a shift in the relationship of contending forces. However, this was not an end to the contending forces themselves or to many of the issues at stake, particularly such basic issues as the control of secure sources of supply and the division of rents.

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[67] V.I. Lenin, "Imperialism", p. 260. In an earlier passage, which was a prelude to his theory of state-monopoly capitalism, Lenin pointed to the close interconnection of state and private monopolies: "We see plainly here how private and state monopolies are interwoven in the epoch of finance capital; how both are but separate links in the imperialist struggle between the big monopolists for the division of the world." (p. 251.)

[68] For J.A. Hobson's interesting comments on the C.P.R. and Canadian government, see Canada Today, Chapter XIII.

The Markings of Imperialism

The history of capitalism in Canada, especially when viewed from the perspective of regional development, reveals unmistakably capitalism's fundamental tendency towards uneven development. The emergence of imperialism accelerates this unevenness, which in turn exacerbates regional 'disparities' and gives rise to further internal struggles. This process is exemplified, in particular, in the development of railways.

At the world level, railway statistics for the years from 1890 to 1913 indicated that trackage growth was most rapid in colonial and semi-independent areas.[69] This meant that the growth of capitalism, of capitalist productive forces, did not necessarily correspond to the relationships of ownership, which, in the case of the railways, resided in Europe, the U.S., or central Canada. The export of capital, in effect, accelerated the dev-

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[69] Lenin used the following statistics for railway trackage (ibid., p. 274):

(thousands of kilometres)

	1890		1913		Increase	
Europe	224		346		+122	
United States	268		411		+143	
All colonies	82	125	210	347	+128	+222
Independent and semi-independent states of Asia and America	43		137		+ 94	
TOTAL	617		1,104			

elopment of capitalism in the areas where it was exported, but did so in ways which would also accelerate unevenness:

> Capitalism is growing with the greatest rapidity in the colonies and in overseas countries. Among the latter, new imperialist powers are emerging (e.g., Japan). The struggle among the world imperialisms is becoming more acute. The tribute levied by finance capital on the most profitable colonial and overseas enterprises is increasing. In the division of this "booty", an exceptionally large part goes to countries which do not always stand at the top of the list in the rapidity of the development of their productive forces.[70]

By exporting capital, the exporting region or country can also retard the development of its own productive forces while at the same time creating future competitors in the region or country to which capital is exported. Of course, the form of capital export, such as whether it is portfolio or direct, and the conditions and degree of exploitation in the 'host' region or country play a decisive role in whether this tendency is realized.[71]

Within Canada, as in the world setting, the rate of growth of railways in the Prairie west was much greater than that in central Canada. Between 1906 and 1916 railways grew from 1,239 miles to [illegible]57 miles or nearly 3.7 times, while for Canada as a whole the growth from 22,385 miles to 39,243 miles was about 75 percent.[72]

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[70] Ibid., pp. 274-275.

[71] Among "dependency" theorists (and among capitalist promoters of capital export), there is at best a one-sided recognition of the contradictory features of development created by capital export. In particular: "The export of capital influences and greatly accelerates the development of capitalism in those countries to which it is exported. While, therefore, the export of capital may tend to a certain extent to arrest development in the capital-exporting countries, it can only do so by expanding and deepening the further development of capitalism throughout the world." (Ibid., p. 243.)

[72] Alberta, Statistics of Progress, p. 149, and J. Lukasiewicz, op.-cit., p. 46.

Associated with the period of rapid railway growth there was also a very rapid rate of capitalist industrial development, of urbanization (as mentioned in Chapter Six) and of wage-labour (as will be considered in the next chapter). It was in this context that Lenin observed:

> Railways are a summation of the basic capitalist industries, coal, iron and steel; a summation and the most striking index of the development of world trade and bourgeois-democratic civilization. . . . the railways are linked up with large-scale industry, with monopolies, syndicates, cartels, trusts, banks and the financial oligarchy. . . . The uneven distribution of the railways, their uneven development sums up, as it were, modern monopolist capitalism on a world-wide scale.[73]

The essence of the unevenness accelerated by imperialism is the same as that for capitalism in general: the contradittiction between the development of the forces of production and the relations of production. On the one side, monopoly capitalism greatly accelerates and 'socializes' the process of production.[74] On the other side, the relations of production, that is, the system of private ownership remains in existence. Hence, from the regional perspective, while productive capacity grows, the general tendency is towards increasing 'absentee' ownership of wealth and outflow of surplus value.

Another form of unnevenness which develops is among sectors in the capitalist economy. The development of monopoly in certain sectors is accompanied by the draining of resources from other sectors, thus incapacitating the latter's development. For example, within the pre-World War I Prairies there existed alongside a highly advanced and profitable C.P.R. railway transport corporation, numerous but relatively weak producers in agriculture with major debts, few if any accumulated surpluses, and a high rate of failures.

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[73] Ibid., p. 190.

[74] See, for example, ibid., p. 205.

It is because railways played a major part in the extension of monopoly and the consolidation of imperialism that they used to be viewed as a means of accelerating uneven development and the exploitation of many thousands of wage-labourers and small producters.[75] If, as this suggests, the development of monopoly capitalism has tended inevitably to the polarization of wealth and regional 'disparity', the solution to the problem goes to the heart of the private property system.[76] The 1930 Dominion Lands transfer, which occurred after the main pressures for settlement had crested and followed on a history of political opposition from the Prairies, led later to a significant amelioration of the fundamental tendency on the Prairies, at least within the context of the federal state. However, the transfer did not end the tendency because, clearly, it did not stop the advance of monopoly capitalism. Indeed, insofar as monopoly capitalism found it easier to obtain concessions and could strike more advantageous bargains with weaker and divided provincial governments, provincial ownership may have accelerated the growth of monopoly.

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[75] In this context, Lenin condemned sharply certain approaches to railway development: "The building of railways seems to be a simple, natural, democratic, cultural and civilising enterprise; that is what it is in the opinion of the bourgeois professors who are paid to depict capitalist slavery in bright colours, and in the opinion of petty bourgeois philistines. But as a matter of fact the capitalist threads, which in thousands of different intercrossings bind these enterprises with prive property in the means of production in general, have converted this railway construction into an instrument for oppressing *a thousand million people* (in the colonies and semicolonies), that is, more than half the opoulation of the globe that inhabits the dependent countries, as well as the wage-slaves of capital in the 'civilized' countries." (Ibid., p. 190.)

[76] So important was the "law of uneven development" and its basis in the capitalist private property system that Lenin argued it gave rise to violence, including war. Dealing on a world level at the time of World War I, he argued: "Finance capital and the trusts do not diminish but increase the differences in the rate of growth of the various parts of the world economy. Once the relation of forces is changed, what other solution of the contradicitions can be found *under capitalism* than that of *force*?" (Ibid., p. 274. See also ppp. 275-276.)

The growth of monopoly in industry also tended to stagnate development and led to parasitic forms of capital accumulation.

> . . . like all monopoly, it [capitalist monopoly] inevitably engenders a tendency to stagnation and decay. Since monopoly prices are established, even temporarily, the motive cause of technical and, consequently, all progress disappears to a certain extent and, further, the *economic* possibility arises of deliberately retarding technical progress. Certainly, the possibility of reducing the cost of production and increasing profits by introducing technical improvements operates in the direction of change. But the *tendency* to stagnation and decay, which is characteristic of monopoly, continues to operate, and in some branches of industry, in some countries, for certain periods of time, it gains the upper hand.[77]

This tendency can help explain the highly uneven and often low levels of development in industries subject to monopoly. Increasingly, for example, the deterioration and relatively limited advances in 20th century railway development in Canada, have been observed and criticized.[78] One can also note the growing portion of economic product devoted to purely 'financial' payments[79] and the growing role of the state in guaranteeing minimal levels of profit (which will be considered in the final chapter).

A superficial consideration of the problem of capitalist monopoly has frequently led to the conclusion that simply 'more competition' will solve the problem[80] or to the weak and often tautological historical argument that monopoly resulted from a lack of competition. The historical observation to emphasize, on the contrary, is that monopoly arose out of competition, out of often intense including violent rivalry among capitals, which in turn was the consequence of the inevitable concentration of productive forces and capital. That capitalism reached an historic stage where monopoly capital came to dominate production is not answered by arguments to the effect that 'it could have been otherwise' or wishful thinking about returning to an earlier era, for these arguments ignore the productive basis--with its many technical, economic, and social preconditions--upon which monopoly capital arose.[81]

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[77] Ibid., p. 276.

[78] See J. Lukasiewicz, *The Railway Game: A Study in Socio-Technological Obsolescence*.

[79] Between 1926 and 1960, rent, interest and miscellaneous investment income rose from $287 million to $2,470 million or 8.6 times, whereas the gross national product rose from $5,152 million to 36,287 million or 7.0 times. Thus the proportion of rent, interest and miscellaneous investment income increased from 5.6 percent to 6.8 percent of the G.N.P. at market prices. (M.C. Urquhart and K.A.H. Buckley, *op. cit.*, p. 103.) The change has been even more dramatic since World War I. According to the Ministry of Finance's *Economic Review* for 1979, the proportion of interest and miscellaneous investment income of *net* national income climbed from 1.8 percent in 1947 to 8.2 percent in 1978.

With the export of capital, especially in its portfolio form, the increased prominence of money or bank capital in the exploitation of less developed regions and countries also appeared. Hobson noted, in particular, the growth of a group of bondholders and financiers centered in England, and a similar process was observable in other developed capitalist states. Lenin developed Hobson's observations to identify the emergence of a tendency towards "rentierism" in modern imperialism:

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[80] Another long-standing solution proposed to the 'railway problem' has been to unfetter the C.P.R. and C.N.R. to have higher monopoly prices and profits by abandoning the 1897 Crow's Nest Pass rates. Of course, this 'solution' would likely exacerbate problems for numerous small or 'marginal' farmers.

[81] The general argument used by Lenin against a typical 'free competition' approach went as follows: "Let us assume that free competition without any sort of monopoly, would have developed capitalism and trade more rapidly. But the more rapidly trade and capitalism develop, the greater is the concentration of production and capital which gives rise to monopoly. And monopolies have already arisen--precisely out of free competition! Even if monopolies have now begun to retard progress, it is not an argument in favour of free competition, which has become impossible after it has given rise to monopoly." (V.I. Lenin, "Imperialism", p. 290.)

> Further, imperialism is an immense accumulation of money capital in a few countries. . . . Hence the extraordinary growth of a class, or rather of a stratum of rentiers, i.e., people who live by "clipping coupons", who take no part in any enterprise whatever, whose profession is idleness. The export of capital, one of the most essential economic bases of imperialism, still more completely isolates the rentiers from production and sets the seal of parasitism on the whole country that lives by exploiting the labour of several overseas countries and colonies. . . .
>
> The income of the rentiers is five times greater than the income obtained from the foreign trade of the biggest trading country in the world! This is the essence of imperialism and imperialist parasitism.
>
> For that reason the term, "rentier state" (Rentnerstaat), or usurer state, is coming into common use in the economic literature that deals with imperialism. The world has become divided into a handful of usurer states and a vast majority of debtor states.[82]

The impact in the western interior of this tendency in the development of imperialism was enormous. The extent of long-term debt in the Alberta region, especially among the agricultural population and the provincial and various municipal governments, gave rise to acute crises during periods of depression, and led to an almost unending series of political struggles with central Canadian banking interests, culminating in the turbulent 1930s. With the 'oil boom' beginning in the 1940s and, in the 1970s, the institution of the so-called "Heritage Fund", a countervailing trend emerged. Indeed, during the 1970s, the Alberta state became a rentier state in its own right, mitigating but by no means ending the "money power" of Central Canada.

Another impact of the rise of imperialism was among the wage-labouring population. Lenin, in particular, emphasized that imperialism fostered division among the proletariat by tending "to create privileged sections also among the workers, and to detach them from the broad masses of the proletariat."[83] He observed, for example, that with the rise of imperialism came a decline in emigration from the imperialist countries, but an increase in emigration from less developed countries and noted that "In the United States, immigrants from Eastern and Southern Europe are engaged in the most poorly paid jobs, while American workers provide the highest percentage of overseas or of the better-paid workers."[84] A similar comment could have been made with regard to labour in Alberta, especially in the mining and construction industries, although British immigrants as well as Anglo-Canadians were prominent among the upper strate of the workers. In times of crisis, the rise of national chauvinism and racism, such as the peak proportions of the 1917 'Conscription Crisis', is accelerated sharply by capitalist interests in order to perpetuate this division.

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[82] Ibid., p. 277.

Further, the drain of surplus value from colonial, semi-colonial, or 'hinterland' areas also enabled the proletariat in the imperialist centres, particularly its top sections, to gain benefits not generally available to the proletariat in the hinterland. In part, this explains the sharp cleavage which erupted in the labour movement in Canada between the typically more radical western and eastern sections in the 1910s. However, the cleavages also existed on a sectoral basis, for instance, the entrenched 'labour artistocracy' in the railway craft unions as compared to the relatively more militant leadership of the mining unions. The material basis of certain groups of wage-labourers as a 'labour artistocracy'[85] existed in several forms and was especially prominent among the skilled trades and craft unions, although the phenomenon has received little systematic study in Canada.

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[83] Ibid., p. 283.

[84] Ibid., p. 283.

[85] The concept is treated briefly in Lenin's "Imperialism", pp. 193-194, and pp. 282-285.

In Alberta itself, one can observe numerous examples of labour leaders and members, particularly in the railway and building trades, engaged in attempts at forming ranching companies, speculating in land, investing in mining enterprises and other economic activities which tied them more closely to their capitalist superiors in both economic interests and political expression. A few companies were formed directly by some wage-earners. For example, one of the earliest joint-stock companies in Alberta, the Drowning Ford Ranche Company, was formed in 1898 at Medicine Hat with about 15 shareholders of which twelve were listed as engineers, two as firemen, and one as a conductor. These railway workers set a nominal capital of $40,000 divided into 400 shares at $100.00, which was a relatively large denomination at the time; $2,300 in paid up capital was deposited in the Merchant's Bank in Medicine Hat. More typical was the situation where wage-labourers took or were offered a minority shareholding, usually common shares where shares were divided into preferred and common forms. This occurred, for example, in the Great Western Garment Company among others, and was often associated with more paternalistic capitalist management. Such shareholding among wage-labourers was generally small and tended to decline over time in companies that managed to survive for more than a few years.

An interesting and somewhat different phenomenon was the involvement of workers in the formation of early "quasi-cooperatives". For example, the Lethbridge Co-operative Association was formed in 1898 with a nominal capital of $10,000 divided into 400 shares at $25.00 each. Just over half the initial 87 shareholders were miners, and some labourers and railways workers were also included. While the shareholding was widely dispersed by comparison with most firms, the company was not a 'pure' cooperative, in that the shareholdings of members were not equal, but varied from $25.00 to $200.00 with most between $50.00 and $150.00. The company's records note that $3,583.50 was paid up capital while $5,025 woth of shares were subscribed. Another similar firm, the People's Cooperative Society Ltd., was formed in Calgary in 1900. A July, 1902 declaration indicated about 128 initial shareholders having typically one to three shares each. The shareholders included many wage-labourers, and the Calgary Trades and Labour Council was later involved with the Society whose motto became "One for all and all for each" and proclaimed itself as "a progressive society based on true principles of co-operation". However, there was also the strong presence of businessmen in the society, and the directors of the society and a few individual shareholders had as many as 280 shares (William Edward Pierce).

As imperialism matured and economic crisis deepened, particularly in such periods as the late 1910s and the 1930s, one can observe not only deterioration of the position of wage-labour in general, but also its higher strata including elements of the labour aristocracy. The growth of wage-labour and the rise of industrial unions further weakened the position of these elements. However, such a trend was arrested at times in later years by factors which will be considered in the final chapters. The role of primitive accumulation in a colonial context, such as in the usurping of Native lands, was no doubt one major factor in enabling the development of some elements of a labour aristocracy in the Alberta region, but one must emphasize that in the pre-World War II era, whatever elements of a labour aristocracy which did exist in Alberta were much weaker than those existing in central Canada, the U.S., and Britain.

The rise of monopoly capitalism also gave rise to various mass movements of opposition. While a discussion of these movements lies beyond the scope of this thesis, several useful studies relating to these movements have been cited in Chapter 3.[86] As noted there, a considerable number of useful studies have been done on the early farmer movements, but until the 1960s less has appeared on the labour movement. It is significant, however, that both the organized labour and farmer movements in Alberta began their days in the years prior to World War I when the full force of monopoly capitalism was making itself felt. Much study remains to be done on the politico-economic expressions of these social forces, particularly the growth of their own political organisations both inside and outside the two principal parties of monopoly capital in Canada, the Liberal and Conservative parties. Of special significance was the emergence of independent political action which generally appeared after economic action, but became conjoined with it. Again, it was during the years of the rise of monopoly capitalism that the first signs of such independent political action appeared in Alberta. Thus, for example, the United Farmers of Alberta first stood independently for provincial elections in 1917, while an independent Labour candidate appeared as early as 1905.[87]

Gustavus Myers, in 1913, was one of the earliest to comment on the rising tide of antagonism to monopoly capital which was appearing in Canada in the pre-War years. His article, "Agrarian Discontent in Canada", emphasized the "middle-class" character of the movement and its importance as an

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[86] See, in particular, Norman F. Priestley and Edward B. Swindlehurst, Furrows, Faith, and Fellowship: The History of the Farm Movement in Alberta, 1905-1966, Edmonton: The Alberta Federation of Agriculture, 1967; W.A. Wood, A History of the Farmers' Movements in Canada; V.C. Fowke, The National Policy and the Wheat Economy.

[87] See Chapter 9.

'awakening' of the Canadian people:

> The first faint beginnings of middle-class antagonism to concentrated great capitalist power are in evidence in Canada. Antagonism properly describes the situation; it would be far-fetched at the present time to magnify the movement as one of any intrinsic revolutionary character, even as middle class movements go. Nevertheless, considering the long-prevailing quiescent, submissive attitude that nearly all elements in Canada have taken toward capitalist rule, the agrarian agitation now commencing has its social and economic significance.[88]

Myers commented that "Canada presents the phenomenon of having almost reached the apex of modern capitalist concentrated rule, yet unlike the United States, this rule has come about without having to encounter a single serious middle-class revolt."[89] His treatment of the situation, while betraying an element of U.S. chauvinism, was very advanced for its time, In particular, Myers recognized the significance of a 'labour aristocracy' in Canada:

> The sudden apprehension of the middle-class elements is, indeed, pathetic and in this category there must be included the whole of the professional class and large numbers of the working class.
>
> Perhaps nowhere in the world are the skilled workers as a whole, so bourgeois in thought, attachments or views as the native English-speaking workers in Canada, particularly in Eastern Canada. Large numbers of them own their own homes, or at least have the nominal title subject to mortgage, and their views are essentially those of the small property-owning class. With some exceptions, their ideas of trade unionism are those of the obsolete and decadent British trade unionism of thirty years ago. For decades they have been content to move along the narrow lines not only of an old-time compromising economic action, but also of ancient theological thought. . . .
>
> But this supine state of affairs happily is being upset by a new factor in Canadian thought, at least--which the Church is powerless to control. This new factor is the tremendous economic pressure. Even

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[88] Gustavus Myers, "Agrarian Discontent in Canada", p. 739.

[89] Ibid., p. 739.

> higher than in the United States is the increased cost of living in most Canadian cities. The professional classes feel the pinch intensely. The shopkeeping and small factory middle class look with vast uneasiness upon the great and arrogant power of the Trusts. The skilled labourer not only has to face the increased expense of livelihood, but to his amazement he is suddenly drawing out of his caste shell to find that even his craft is being abolished by automatic machinery. The farmer is becoming disgruntled because of the high taxes, high cost of necessary tools, and the clutch that the railroad, Trust and bank magnates have upon him. Discontent is rife; smug complacency is being discarded. It is a slow transformative process, but a deadly sure one.[90]

Myers referred to the "agrarian agitation" in the Prairies as reflected around such publications as the *Grain Growers' Guide* of Winnipeg, but emphasized their 'middle class' character. He also drew an interesting contrast with the U.S. situation, where agrarian agitation tended to appear after rather than before land settlement was completed:

> It [agrarian unrest] is, as is obvious, wholly middle class, in favour of the continued exploitation of the industrial and agricultural worker, and, of course, has nothing in common with any movement to overthrow capitalism. In the United States, such agrarian movements developed in the crude infancy of the Trusts; in Canada, the agrarian agitation is just beginning when the power and machinery of the Trusts are already superfinely organized to snatch the proceeds of the farmer. Where in the United States the Trusts came *after* the land had all, or nearly all, been settled or at least appropriated, in Canada they are in concentrated, unmolested operation *before* much of the land, both in the East and in the Northwest, has been settled. Undoubtedly this means that, once started, agrarian movements in Canada will go through much more rapid stages before their decay, and the same, no doubt, applies to industrial middle-class movements. Meanwhile, although small in numbers, the Socialist movement is energetic, and if it does not allow itself to temporize with middle class movements for the sake of votes, it will stand out

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[90] Ibid., pp. 740, 741. It is probably the first part of this passage to which Lenin refers in "Notebooks on Imperialism", Vol. 39, p. 593.

> as a revolutionary party to face concentrated capitalism after the middle class agitations have come and gone.[91]

This chapter has considered certain aspects of the rise and impact of monopoly capitalism--modern imperialism--in Alberta. Of course, to treat the workings of imperialism, which are both numerous and deep, in a manner approaching completeness is a project far beyond our present confines: "A monopoly once it is formed and controls thousands of millions, inevitably penetrates into every sphere of public life, regardless of the form of government and all other 'details'."[92]

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[91] Ibid., p. 743.

[92] Ibid., p. 237.

Chapter Nine

The Maturing of Capitalism and the Rise of the Working Class in Alberta

> Ten thousand times has the labour movement stumbled and fallen and bruised itself, and risen again; been seized by the throat and choked into insensibility; enjoined by courts, assaulted by thugs, charged by militia, shot down by regulars, traduced by the press, frowned upon by public opinion, deceived by politicians, threatened by priests, repudiated by renegades, preyed upon by grafters, infested by spies, deserted by cowards, betrayed by traitors, bled by leeches, and sold out by leaders, but, notwithstanding all this, and all these, it is today the most vital potential power this planet has ever known, and its historic mission of emancipating the workers of the world from the thralldom of the ages is as certain of ultimate realisation as the setting of the sun.
>
> Eugene V. Debs (1904)

Provincial status created opportunities for the acceleration of regionally based capitalist development. However, the debilitating legacy of Canadian internal colonization constrained and deformed this development. Even today, when Alberta appears as a "have province", there remain certain so-called "regional disparities" which testify to a deeper problem, that is, the uneven development inherent in capitalism wherever it appears.

As a generally subordinate section of the Canadian economy, the Alberta economy suffered from a greater turbulence and vulnerability to external forces. Cyclical realization crises--"booms and busts"--hit harder, especially prior to the 1950s. Coupled with the major wars, these crises helped to define the modern phases of Alberta's development.

The rapid growth occurring during the formal achievement of provincial autonomy (1905) continued to a peak in late 1912, except for a brief recession in 1908. The first major depression in the twentieth century hit Alberta in 1913. Although World War I began in August 1914, the province was not pulled out of depression until 1915. Thereafter the economy expanded under the added stimulus of war mobilization to a peak in 1917, then continued at a relatively high level of activity until the traumatic post-war collapse of 1919. It is the war and post-war crisis (and, corresponding to it politically, the ejection of the provincial Liberal party from office in 1921) that marks the end of the first phase of provincial development and the eruption of the first general crisis of capitalism.

The second phase in provincial development covered the 1920s. After the depression of 1919, economic growth increased until 1929, although not without some smaller crises in the early 1920s. Depressions took place in 1920 and 1923, both for somewhat longer than a year's duration.

With the Great Depression of 1929, the Canadian economy sunk into a long phase of deepening crisis until World War II (1939-45) stimulated a recovery. The depths of the depression were reached in 1932 and 1933, and followed by only a slight advance. After a further decline in 1937, recovery began hestitantly in 1938, then was spurred by war preparations and the war itself, and continued to a peak in early 1945. Alberta was among the Canadian provinces hit hardest by the Depression which, excepting some activity related to the Turner Valley oil fields, was virtually one unrelieved crisis. Thus, the third phase of development is that of the Depression years, from 1929 until its closing in the early 1940s with World War II and the major penetration of U.S. capital and state (in particular, in the expansion of air traffic and facilities, the construction of the Alaska Highway, and the Canol Project). The third phase, like the first, ended with the eruption of another general crisis. Corresponding to this phase at the political level, with some lags, were the demise of the United Farmers of

Alberta government and the election of the Social Credit movement in 1935, at the one end, and the demise of the more "radical" Aberhart Social Credit (1935-43), at the other end.

The fourth phase began with the war and post-war 'boom' in Alberta as epitomized in the 1947 Leduc oil strikes and continued into the 1960s, spurred primarily by oil and gas exploitation. The aggressive expansions in oil and gas helped moderate the post-war recessions which hit bottom in 1946, 1949, 1954, 1958, 1961, 1963, 1967, 1970, and 1975. Politically, the Social Credit government under Manning shifted sharply to the right, and despite some buffeting in the late 1940s, rode out its difficulties by relying on the Cold War and economic expansion in the 1950s and early 1960s. During this era, the Alberta economy and government became increasingly subordinate to U.S. continentalist manoeuvres and less reliant on central Canadian capital and the federal government.

With the 1940s, Alberta-based capital accumulation accelerated to the point of growing restless with the subordinate continentalism and the passive, conservative direction of the economy under Social Credit. In the 1970s, there appeared a more aggressive form of capitalist development with an increased emphasis on industrialization and a stronger role for the state. Politically, the 1971 election of the Conservative government under Lougheed, following a recession in 1970-71, led this change. However, ths position did not change dramatically until the major OPEC oil price increases in 1973, which put a stronger "provincialist" wind in their sails and opened opportunities for vastly heightened capital accumulation. The fifth phase is thus one of heightened growth, although not without unevenness, centred on oil and gas development, and led by increasingly powerful provincially-based business interests who are committed aggressively to using the provincial state for accelerating private capital accumulation and achieving their "place in the sun".

The Maturing of Capitalist Development

Throughout these modern phases of capitalist development Alberta was transformed from a predominantly agricultural economy with some mineral extraction and manufacturing to an economy predominantly in mineral extraction with some farming and manufacturing. As well, a substantial construction and utility sector arose. These trends are revealed in Table 9.1 (although the important transportation sector is excluded). Despite sharp fluctuations in prices, such as the relatively earlier and deeper decline of agricultural prices during the Great Depression, it is obvious that mineral extraction, particularly oil and gas production, has superceded agricultural production as the leading sector in the Alberta economy. In this fundamental shift in economic structure, the crucial years were in the decade of transformation following World War II, parallelling the significance of the decade preceeding World War I.

Agricultural production reached its proportionately highest level in 1927, and has been declining in relative significance ever since, to the point that it now ranks third or fourth (to mineral extraction, construction, and,possibly, manufacturing), depending on how agriculturally-related manufacturing is classified. Quantitatively, between 1945 and 1950, the value of agricultural production dropped to less than half of total production, and by 1960 oil and gas had overtaken agricultural production.

Another major shift in economic proportions was trumpeted by the massive jump in the value of gas and oil production and the consequent

Table 9.1

Value-Added in Production in Alberta, 1920-1975

(Percentage of production in principal sectors)

Year	Total value of production (millions of dollars)	Mines, quarries, & oil wells	Construction	Manufacturing	Agriculture	Electric Power	Forestry	Hunting & Trapping	Fishing
1920	264.6	12.4	1.0	12.7	70.9	1.0	1.2	.6	.2
1925	257.0	9.6	1.0	12.6	73.5	1.2	1.3	.8	.2
1930	184.7	15.8	8.4	24.5	44.6	2.4	3.7	.5	.2
1935	147.3	10.9	14.3	16.2	53.9	3.1	.1	.1	
1940	252.7	11.0	11.5	14.9	58.5	2.3	.1	.1	
1945	403.3	10.3	13.1	19.5	52.7	2.0	1.6	.1	*
1950	750.3	16.3	19.7	16.5	44.1	1.9	1.2	*	
1955	1,283.0	23.7	26.4	20.5	25.9	2.3	1.0		
1960	1,857.3	18.8	24.0	18.3	17.7	2.6	1.1		
1965	2,260.9	31.1	20.8	22.1	22.5	3.1	.3		
1970	3,442.9	36.8	23.2	20.8	15.7	3.1	.3		
1975	10,645.9	50.0	19.3	15.4	12.9	1.8	.2		

Source: Alberta Facts and Figures, 1950, and Statistics Canada, Survey of Production, 1975 (Cat. No. 61-202).

Note: The series represents in rough magnitudes, the total value of commodities produced minus the value of goods (raw materials) used in the production process, in order to avoid double-counting. The figures are based on current year prices. In the series ending with a * the remaining percentages obtained were relatively insignificant.

tripling of the value of total production between 1970 and 1975. During these years, the quadrupling of the international price of oil helped to shift Alberta's terms of trade between oil and other commodities, and left both the oil companies and provincial government with windfall gains. This shift also revealed dramatically the importance in Alberta's development of the price structure which largely is externally imposed--and corporate monopoly power.

Capital accumulation in Alberta has reflected the general trends towards concentration and centralization underlying all capitalist development. Firstly, there has been a considerable concentration in industry, particularly the scale of production manufacturing. For example, in 1890, the District of Alberta had about 4.2 employees per manufacturing establishment, whereas in 1929, this had risen to 16.8 employees per establishment and, in 1975, to 35.5 employees per establishment. The amount of capital invested per worker has also increased dramatically, as has the value of output per worker. Thus in 1890, the average value-added per worker in manufacturing was about $1,050, while in 1929, it was about $3,209 and, in 1975, about $25,331. In the areas of primary industry and utilities the process of concentration has been even more rapid. For example, in its early years, Alberta had several electric power companies and many industrial plants generating their own power; now there are only three "majors"--Calgary Power, Edmonton Power, and Alberta Power--and proportionately many more businesses dependent on buying power from the electric power companies.

Moreover, there is a generally higher level of market concentration than in other regions of Canada, as a result of the fact that product markets, especially food product markets, are regional rather than country-wide. This lack of integration is usually because transportation costs and/or market sharing arrangements have reduced prairie-central Canada trade. Table 9.2 for instance, gives an indication of the higher comparative levels of market concentration existing in Alberta in relation to Ontario and Canada as a whole for 1965.

Secondly, in agriculture, the trend towards concentration has been so pronounced and the gains in labour productivity so rapid, that major concerns have long been voiced about the decline of the "family farm". The average area per census farm has climbed from 353 acreas in 1921 to 790 in 1977, while the number of farms has dropped from 82,954 to 62,702 during the same period. Similarly, the average total capital value for census farms has risen from $11,674 to $46,680 in real dollars. Land ownership, which increasingly requires major sums of capital, has been growing less rapidly than tenancy: in 1921, of the 29.3 million acres in farms, 81 percent were owned and 19 percent were rented; in 1971, of the 49.5 million acres in farms, 64 percent were owned and 36 percent were rented.[1] As well, there is a growth in corporate farming and the penetration of "agribusiness" into farming, particularly in industrial crops. The result has been to give agriculture an increasingly capitalist character by replacing simply commodity production--the so-called "independent" farmer--by capitalist commodity production.

The development of capitalism in Alberta agriculture, however, cannot be measured simply by means of the concentration of landholding.[2] The

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[1] Alberta, Alberta Land Use Forum, Technical Report 11, Structure of Alberta Farms, Alberta Department of Agriculture, 1974. The census farm has been defined, roughly, as a tract of land of one acre or more producing agriculture products valued at $50.00 or more in the last year.

[2] V.I. Lenin, "New Data on the Laws Governing the Development of Capitalism in Agriculture", Collected Works, Vol. 22, especially pp. 37-48.

Table 9.2

Comparative Market Concentrations of Selected Industries in Alberta, Ontario, and Canada, 1965

Industry	Total number of enterprises			Percentage of Factory Shipments accounted for by 4 largest enterprises		
	Alberta	Ontario	Canada	Alberta	Ontario	Canada
Slaughtering and meat-processing	28	131	365	84.6	53.1	58.1
Bakeries	182	738	2,375	50.0	39.0	32.3
Machine shops	75	391	954	55.3	8.4	8.3
Concrete products and ready-mix concrete manufacturers	65	260	738	56.9	33.6	21.3
Soft drink manufacturers	22	121	410	57.5	51.6	40.9
Signs and display industry	40	185	391	53.4	21.1	21.6
Poultry processors	21	55	137	50.6	34.5	24.2
Petroleum refineries	10	14	25	88.4	85.3	80.0
Commerical printing and publishing	471	1,283	3,050	34.3	19.4	13.2

Source: Canada, Department of Consumer and Corporate Affairs, Concentration in the Manufacturing Industries of Canada, Ottawa, 1971, Table A-5.

two decisive signals of capitalist development, that is, the rise of commodity production ("commercial agriculture") and wage-labour are not necessarily tied to 'large' or 'small' farms. Indeed, intensive agricultural development through the use of larger capital investments in machinery, fertilizer, pesticides, etc., may enable the use of less land to produce greater output, and have a more capitalist character than would extensive agricultural development producing the same output. Also, it should be noted, capitalism does not depend upon the form of land tenure; although freehold tenure is the typical form of capitalist land tenure, capital has operated under diverse types of land tenure.[3]

While agriculture developed in Alberta within the framework of capitalism or, more accurately, subordinated to the capitalist mode, the emergence of capitalism within agriculture itself was a process which proceeded at different rates for different areas and products. In his brilliant analysis of U.S. agriculture Lenin commented that "America's 'granary', the region of the much vaunted 'wheat factories', . . . is much less capitalist than the industrial and intensively farmed region, where the indication of agricultural progress is not an increase in improved acreage but an increase in capital investments in the land, together with a simultaneous reduction to the acreage."[4] And, in treating the homestead, he observed that: "The settlers, the owners of the homesteads, naturally employ little hired labour, at any rate when starting their farms."[5]

The growth of capitalism in agriculture, which had as its prerequisite the transition from "natural economy to commercial agriculture",[6] began very early in the western interior but expanded rapidly only after the arrival of large-scale capitalist transportation enterprise. In treating the period 1856 to 1896, Irene Spry argues:

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[3] Ibid., p. 22.

[4] Ibid., p. 46.

[5] Ibid., p. 47.

> In the first phase of the transition from the nomadic to the settled economy the requirements of missions, prospectors, travellers, surveyors, police, freighters, relief for destitute Indians, incoming settlers and railroad construction crews, created internal markets for the products of the early farms.
>
> A wider market for the mass product of which the prairies were to prove capable could only be opened up by a revolution in transportation and communication.[7]

But it is the appearance of wage labour or "hired labour" in agriculture which is the "chief sign and indicator of capitalism."[8] Unhappily, the subject of Prairie farm labour, even more so than other sections of wage-labour, has been very nearly blacked out of academic and government studies, particularly with respect to the consideration its labour conditions and standards, and in deference to the "independent commodity producer".[9] With the rapid rise of machine technology in agriculture, the extensive use of the seasonal labour characteristic of early agriculture declined.[10] In Canada, the study of seasonal and agricultural labour generally is also closely tied to the question of labour migration.[11] However, the development of capitalism in agriculture, as in industry as a whole, can be seen to proceed along similar paths from simple cooperation, to manufactory, to machinofactory stages and to reflect the tendency towards concentration, although it has yet to reach a level comparable to large-scale factory production in manufacturing industry.[12] In the next section, an attempt will be made to quantity the growth of wage-labour in Alberta farming, which will give a clearer indication of the growth of capitalism in agriculture.

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[6] Ibid., p. 75.

[7] Irene M. Spry," The Transition from a Nomadic to a Settled Economy in Western Canada, 1856-96", Royal Society of Canada, Transactions, Vol. VI, Series IV, June 1968, Section II, p. 199. For more material on early agricultural history see Lewis H. Thomas, "A History of Agriculture on the Prairies to 1914", Prairie Forum, Vol. 1, No. 1, April 1976, pp. 31-45.

[8] V.I. Lenin, "New Data", p. 101.

[9] Such a situation no doubt reflects the sorry position of this group of human beings in Alberta society. To this writer's knowledge only one general book has even been produced relating to farm labour in Canada, and it has been of only limited value: George V. Haythorne, Labor in Canadian Agriculture, Cambridge: Harvard University Press, 1960. Recently, some articles bearing an indirect relation to the subject have appeared, for example, John Herd Thompson and Allen Seager, "Workers, Growers and Monopolits: The 'Labour Problem' in the Alberta Sugar Beet Industry During the 1930s", Labour/Le Travailleur, 1978, pp. 153-174; and D. McGinnis, "Farm Labour in Transition: Occupational Structure and Economic Dependency in Alberta, 1921-1951", in Howard Palmer (ed.), The Settlement of the West, pp. 174-186.

Thirdly, concentration and centralization in the sphere of banking and credit has reached massive magnitudes and been even more tributary to central Canada than the other spheres. In Chapter Eight, we noted the tendency towards concentration and monopoly in Canadian banking. For instance, the number of chartered banks in Canada fell from a peak number of 51 banks (with 230 branches) in 1874, to a twentieth century high of 38 (with 1,145 branches), to 9 (with 5,051 branches) in 1960. For the Alberta economy, this has been of crucial significance in the determining of major

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[10] For Lenin's comments on seasonal labour and its study, see "New Data", pp. 36-37, 65-66.

[11] John Herd Thompson, "Bringing in the Sheaves: The Harvest Excursionists, 1890-1929", The Canadian Historical Review, Vol. LIX, No. 4, December 1978, pp. 467-489.

[12] V.I. Lenin, "New Data", p. 99. At the time of writing in 1914-15 Lenin noted that agriculture was "very far behind" the degree of concentration in industry and at a stage "more akin to the manufactory stage than to the stage of large-scale machine industry" since manual labour still prevailed and machinery had relatively very limited use.

major investment strategies, especially in secondary productive sectors, and in policies governing credit allocation and relief for less established and smaller scale businesses, farms, and individuals. Many challenges to banking and financial power have occurred, most prominently in demands for bank nationalization, schemes for debt 'readjustment' and default, establishment of the Provincial Government-owned Treasury Branch system in 1938, and in the rise of credit unions in the late 1930s and 1940s; however, there was no substantial appearance of Alberta-based bank and financial power until the 1970s.

In highlighting these development trends towards concentration and monopoly, it also needs to be emphasized that Alberta never had an era when "free competition" or competitive capitalism was not subject to monopoly forces. Right from its capitalist dawn with the H.B.C. and C.P.R., big business presided over internal colonization and dominated the "commanding heights" of the Alberta economy. Since the 1880s, Alberta witnessed the arrival and growth of large-scale corporate enterprises in railways, ranching, irrigation, coal mining, banking, and land speculation. Indeed, the early appearance of monopoly capitalism in Alberta actually accelerated the transformation of competitive sectors into their opposite--monopoly--and thus also accelerated the concentration and centralization of capital.

Even the "combination movement", which was a prelude of monopoly capitalism, began in central Canada in the 1880s, but was not isolated there. Price fixing and other "restraints on trade" were common in Alberta, both under local and external impetus. One of the better known commercial cartels grew out of the Western Retail Lumberman's Association (1892). Alberta dealers soon formed their own cartel which had price maintenance arrangements with B.C. lumber and shingle mills, and regulated credit conditions. "Farmers in the West bought lumber on credit and paid ten percent on their notes to lumber firms before the due date, twelve percent after, and gave the dealers lien notes on almost all of their property not tied up already by banks, mortgage companies, or implement dealers."[13] The C.P.R. assisted by allowing combine price lists to be posted in its stations.

Of greater significance was the major "merger movement" in the decade preceeding World War I. As detailed in Chapter 7, between 1908 and 1912, Canada witnessed 58 industrial amalgamations including about 275 firms with a total authorized capital of $490 million. Mergers appeared in many industries, including, for example, iron and steel, woollens, canning, cement, flour milling, asbestos, and utilities. Many of these were the promotions of finance capital based in Montreal, but Alberta was soon affected, notably in cement (Exshaw) and electric power (Calgary). Here the role of Max Aitken (Lord Beaverbrook) and R.B. Bennett in establishing Calgary Power Company Ltd. (now Calgary Power Ltd.) illustrated a typical method of outside capitalist penetration in Alberta and the involvement of local interests in the process.

The first electric company in Calgary, the Calgary Electric Lighting Company, Ltd., operated in the later 1880s, with D.W. Davis, the first member of Parliament from Alberta, as President. A U.S. competitor, the Eau Claire and Bow River Lumber Company (of Eau Claire, Wisconsin) was established in 1886, with the public encouragement of a prominent local lawyer, James Lougheed.[14] The Eau Claire won the charter to operate the city's light plant and later expanded its generating operation to become Calgary Water Power Company, Ltd. (1902). In the first decade of the century, the Calgary City Council developed their own public power plant (as did Edmonton and other centres), but with the burgeoning growth of Calgary (from 11,967 in 1906 to 43,704 in 1911) the demand for power soon exceeded the plant's capacity. In response to the City Council's initiative to expand the city's own operation, major central Canadian interests entered the field, organized by Aitken's Royal Securities Corporation through the Toronto-based Calgary Power and Transmission Company (C.P.T.C.). The new company, which later took over the Calgary Water Power Company, was Calgary Power Ltd., and included on its first board, Max Aitken, R.B. Bennett, C.B. Smith (former president of C.P.T.C.), A.E. Cross, and H.S. Holt (head of the Royal Bank, Dominion Textile, Consolidated Paper, Famous Players Corporation, and numerous others). The new company, which completed the Horseshoe Power Plant in 1911, had a major political success in obtaining a contract from the City of Calgary to supply power over and above that generated by the City's own Victoria Park steam plant. From this position and with the assistance of conservatively-led City Councils, Calgary Power was later able to make the next "logical" move of completely taking over power production from the City's utility. However, another major goal in building the Horseshoe plant was to supply some of the cement operations controlled by Aitken. Calgary Power was committed to sell power to Western Canada Cement and Coal Company Ltd. at Exshaw and Alberta Portland Cement Company Ltd. at Calgary (both of which became part of the Canada Cement Company Ltd.).

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[13] Tom Naylor, op. cit., Vol. II, p. 167. For a brief but superficial discussion of the early "combination" movement see Michael Bliss, A Living Profit: Studies in the Social History of Canadian Business, 1883-1911, Toronto: McClelland and Stewart, 1974, Chapter 2; and "Another Anti-Trust Tradition: Canadian Anti-Combines Policy, 1889-1910", in Glenn Porter and Robert Cuff (eds.), Enterprise and National Development: Essays in Canadian Business and Economic History, Toronto: Hakkert, 1973, (first printed in the Business History Review, Vol. XLVII, No. 2, Summer 1973), pp. 39-50.

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[14] Theodore Strom, "With the Eau Claire in Calgary", Alberta Historical Review, Vol. 12, No. 3, Summer 1964, pp. 4-5. Strom commented that: "In the early days there were no unions or government regulations in regard to labor. Long hours and low wages was one of the Eau Clair Company's ways to success and when the company went out of existence they had the advantage of being the only ones in business. They raised the price of lights considerably but did not raise the wages of their employees." (p. 7.)

The Canadian-born Aitken was the main financial power behind Bennett's efforts in Calgary. By World War I, Aitken had amassed holdings from the Maritimes to Alberta to the Caribbean including the Union Bank of Halifax (later part of the Royal Bank), the Canada Power Company, the Western Canadian Power Company, Canada Cement, the Steel Company of Canada, the Montreal Trust and Deposit Company, Robb Engineering Company, Canada Car and Foundry Company, Demerara Electric Company, Camaguay Electric Company, and the Puerto Rico Railway Company. Bennett's early holdings were relatively small by comparison (although he did eventually amass major wealth). Notably, he had interests in some local industry, ranching, grain dealing, and finance, for example, the Rocky Mountain Cement Company Ltd. at Blairmore, the Alberta Pacific Grain Company, the Canadian Pacific Irrigation Colonization Company, and the Security Trust Company Ltd. of Calgary (whose vice-president was Patrick Burns). As well, his law partnership with James Lougheed represented such clients as the C.P.R., H.B.C., Bank of Montreal, Bell Telephones, and Great West Life Assurance. The Lougheed-Bennett law firm became, in effect, an organizing centre for the exploitation of Alberta resources and the takeover of provincial markets and firms.

Consequently, the picture of local prairie capitalists battling "eastern big business" is one-sided at best, especially with respect to the highest levels of the Alberta business class. Local capitalist interests collaborated deeply with outside capital often to the detriment of Alberta-based private and public enterprises. The Bennett-Lougheed law practice, business enterprises, and political activities were simply the outstanding examples of an early vanguard of outside big business penetration in Alberta, particularly Calgary.[16] This type of collaborating capitalist or junior partner has emerged in the wake of all major central Canadian and foreign investment promotions and conquests. Most prominent are those with relations to the leading corporations which have dominated Alberta's development, in order, the H.B.C., the C.P.R., and Imperial Oil (with the AGTL/Foothills complex rising distantly on the horizon). For example, the Lougheed family has been heavily involved with these corporate forces. The Lougheed-Bennett practice represented the H.B.C., C.P.R., and the Royalite Petroleums, which was majority owned by Imperial Oil. James Lougheed married Belle Hardisty, the niece of Senator Richard Hardisty, the H.B.C.'s Chief Factor in Edmonton, and the niece of Donald Smith (of the C.P.R.). One of James Lougheed's grandsons, E. Peter Lougheed, is today Premier of the Province and another, Don D. Lougheed, is Senior Vice-President and a director of Imperial Oil.

The specific character of the business class maturing in Alberta and its relations to central Canadian and foreign capital have been determined largely by the main routes of its own accumulations, especially its original or "primitive" accumulations. In general, local-regional primitive accumulations took place in the interstices of externally-based capital and as local partners and agents for it. There were areas with a relatively low fixed investment (in building, machinery, etc.), mainly:

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[16] In the Edmonton area, a large practice of comparable significance was established by H.R. Milner in 1912. Milner was instrumental in advancing the takeover and expansion of International Utilities Corporation of the U.S., which owns Canadian Utilities, Northwestern Utilities, Canadian Western Natural Gas, and Alberta Power.

land speculation, wholesale and retail trade, small-scale mining and some gas and oil drilling; stock raising, some butchering and meat packing; and construction and contracting. (Very few major local capital accumulations originated in grain farming.) Most of these sectors were geared to local or regional markets, or were directly dependent on contracts with large central Canadian or foreign corporations.

A notable feature of many early accumulations was their source in speculative and non-productive activities. Cashing in on the rapid appreciation in value of capital assets--"unearned increment"--such as in land plays associated with oil and gas discoveries or municipal development, was revered as a means of "catching up" to those outsiders whose wealth accumulation had been going on for many years. Correspondingly, there were only a few sustained pools of industrial capital accumulated directly by Alberta capitalists. We have mentioned what were exceptional examples of the latter such as A.E. Cross, W.H. Cushing, and Patrick Burns; however, while there were a considerable number of manufacturing and other industrial enterprises established on the basis of local and regional markets and ownership, very few of these flourished long or survived before going bankrupt or being absorbed by outside interests.

The following tables, compiled from provincial government records give some indication of the early development of these trends which later became part of the maturing of capitalism in Alberta. Firstly, one can observe a shift from the partnership to the joint-stock firm (with limited liability) more characteristic of capitalism. Table 9.3 gives the total number of North-West Territories incorporations of companies located in Alberta by their mode of incorporation. Well prior to provincial status the joint-stock company had been a typical economic institution in Alberta although they were not numerically predominant over partnerships by 1905.

Table 9.3

Total N.W.T. Incorporations of Companies Situated in Alberta[a] by Mode of Incorporation and by Year, 1878-1905

	Mode of incorporation						
Year	Companies Ordinances	Cemetries Ordinances	Butter & Cheese Ordinances	Mutual Fire Insurance Ordinances	Special Ordinances	Masonic Lodge Ordinances	Total
1878	-				1		1
1887	2				2		4
1888	-				1		1
1889	4				2		6
1890	4				2		6
1891	5				-		5
1892	3				4		7
1893	4		2				6
1894	6				1		7
1895	-				1		1
1896	1				1		2
1897	3		3		2	1	9
1898	4	1			1		6
1899	14	1			2		17
1900	6	-	2		3		11
1901	13	3			3		19
1902	39	3	2		4		48
1903	43	1		1	5	1	51

Table 9.3 (continued)

	Mode of incorporation						
Year	Companies Ordinances	Cemetries Ordinances	Butter & Cheese Ordinances	Mutual Fire Insurance Ordinances	Special Ordinances	Masonic Lodge Ordinances	Total
1904	72	3	3	2	8	2	90
1905	90	2	2	-			94
Total	313	14	14	3	43	4	391

[a] This includes all companies with their registered office in a location within the post-1905 boundaries of Alberta.

Sources: Companies records as described in the Appendix Tables.

Partnership records for Alberta[17] indicate that the first registration of a partnership in Alberta was probably the firm of A. Ferland and Company which was formed in Calgary by Arthur Ferland and Charles Watson and registered May 24, 1884 with James Lougheed as witness. However, there were earlier partnerships and sole proprietorships unable or unwilling to register prior to the establishing of the registration system. At the time, and until 1970, the Alberta area was divided into "registration districts" which were related to judicial districts. Registration took place by filing with the clerk in district courthouses, which increased in number as the settlement and the court system developed. Every person or group of persons had to register in each district in which they did business; thus, if a person or group of persons wished to do business throughout the province they had to register in every registration district. By the time of the 1970 Partnership Act changes, which began a new centralized system of partnership registrations, there were twelve registration districts in Alberta which had recorded a total of 43,447 partnerships (and trade names),[18] although this figure includes the relatively

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[17] Records of partnerships and sole proprietorships are currently located with the Department of Consumer and Corporate Affairs of the Government of Alberta.

[18] The twelve districts as of April 15, 1970, including the date of first filing in every district were as follows:

1) Calgary	1 - 20,150	May 24, 1884
2) Drumheller	1 - 377	Nov. 5, 1926
3) Edmonton	1 - 15,491	Nos. 1 - 1579 missing
4) Fort McMurray	1 - 1,068	No. 1 missing/No.2 Nov. 1, 1893
5) Grande Prairie	1 - 508	Dec. 17, 1919
6) Hannah	1 - 387	Nov. 3, 1919
7) Lethbridge	1 - 500	Nov. 24, 1906
8) Medicine Hat	1 - 1,775	Nos. 1-449 missing
9) Peace River	1 - 526	Dec. 9, 1919
10) Red Deer	1 - 500	May 13, 1907
11) Vegreville	1 - 657	Sept. 24, 1928
12) Wetaskiwin	1 - 1,503	Oct. 3, 1906
Total	43,447	

small number of multiple registrations by the same firm. Since the new Partnership Act changes, roughly 24,000 additional registrations had taken place by June, 1978 for a cumulative total of approximately 67,447 registrations. By comparison, the cumulative total of incorporations by June, 1978 was over approximately 120,000.

Unfortunately, it is difficult to determine the number of registrations on an annual basis in the early years since many records have been lost or destroyed by fire and would have to be reconstructed from original ledgers and computerized before workable, consistent, and accessible time series could be generated. Nonetheless, of the records available, the following appears to be the known number of registrations by existing registration district as of the years ended 1904 and 1905:

	1904	1905
Calgary	434	488
Edmonton	-	- (files destroyed)
Fort McMurray	between 150-155	between 176-187 (files missing)

Since filings in the existing registration districts included firms from considerable distances, such as Red Deer firms filing in Calgary, it would not be unreasonable to assume that there were around 1,000 partnership registrations by the time of provincial status, as compared to about 391 incorporations in Alberta and 302 registrations of "foreign companies" in the N.W.T..

As far as the magnitude of capitalization is concerned, Table 9.4 gives an indication of the growth in authorized capital of companies incorporated under N.W.T. companies ordinances by year and size of capital. Here one can observe not only cyclical variations but also the major secular increase in firm size measured in terms of authorized capital by the years of provincial status.

Table 9.4

Authorized Capital of Alberta-Situated Companies Incorporated under N.W.T. Companies Ordinances by Size of Capital and Year, 1887-1905

	No. of firms		Authorized capital ($)		Distribution of capital by size of firm (no. of firms)					
Year	Total	Capital stated	Total	Average (per firm)	Less than $10,000	$10,000-$24,999	$25,000-$49,999	$50,000-$99,999	$100,000-$999,999	$1 million and over
1887	2	2	110,000	55,000			1	1		
1888	-									
1889	4	4	37,000	9,250	1	3				
1890	4	4	33,000	8,250	2	2				
1891	5	5	249,000	49,800		3		1	1	
1892	3	3	57,000	19,000	1	2				
1893	4	4	55,000	13,750		4				
1894	6	6	79,000	13,167	2	3	1			
1895	-									
1896	1	1	3,000	3,000	1					
1897	3	3	45,000	15,000	1	1	1			
1898	4	4	29,000	7,250	3	1				
1899	14	14	1,310,900	93,636	5	4	2	2		1
1900	6	6	69,000	11,500	2	4				
1901	13	12	2,777,000	231,417	1	5	3	2		1
1902	39	24	5,997,000	249,875	3	4	4	5	5	3
1903	43	40	2,755,000	68,875	3	9	8	9	11	
1904	72	65	4,137,000	63,646	3	20	12	19	11	
1905	90	88	7,679,500	87,267	8	24	22	13	18	3
Total	313	285	25,422,400	89,201	36	89	54	52	46	8

Source: Companies records as described in the Appendix, Table A.1.

Table 9.5 displays the geographical distribution of incorporations in Alberta. Here one has an indication of the significance of capitalist advance in southern Alberta relative to northern and central Alberta and the primacy of Calgary and Edmonton as centers of capitalist development.

Table 9.6 displays the sectoral distribution of incorporations in Alberta. As mentioned, there is a major group of enterprises not primarily engaged in productive economic activity. Most prominently, of the 313 companies incorporated there were at least 61 engaged primarily in mercantile activity, 26 in land dealing, 9 in finance, 6 in grain dealing, and a considerable number in lumber dealing. If the numerous partnerships and sole proprietorships engaged in non-productive activities were also added to these, it would be even more evident that non-productive activities constituted a major portion of all economic activity in the province.

Nonetheless, it is also significant, particularly in view of later developments, that there was a substantial number of smallscale capitalist enterprises of a productive character, for example, grain or lumber milling (20), other manufacture (30), publishing (19), electric power and telephone (21). It was in these productive sectors, in particular, that a process of takeover and capitalist 'rationalization' took place leading to the elimination of most early enterprises, particularly those owned and controlled by Alberta capitalists.

The general decimation of locally and regionally based companies in Alberta which took place with the rise of monopoly and state-monopoly capitalism by the 1920 is reflected in Table 9.7. The table shows the number of post-1905 survivals according to Companies Branch records. A

Table 9.5

Geographical Distribution of Alberta-Situated Companies Incorporated under N.W.T. Companies Ordinances by Year, 1887-1905

		Southern Alberta[a]			Central Alberta			Northern Alberta[b]			
Year	Medicine Hat	Calgary	Lethbridge	Other	Wetaskiwin	Red Deer	Other	Edmonton[c]	Other	Not Stated	Total
1887		2									2
1888											-
1889		3						1			4
1890		2	1	1							4
1891		3		1				1			5
1892			2	1							3
1893		1		1				2			4
1894	1	2	1				1	1			6
1895											-
1896		1									1
1897	1	1						1			3
1898			1		1			1	1		4
1899	2	3	1				3	2	3		14
1900		3	1					2			6
1901	1	5	1	3				2		1	13
1902	5	6	2	6		5	2	1		12	39
1903	4	9	2	7	1	2	4	12		2	43
1904	2	15	5	16	1	4	4	17	1	7	72
1905	3	29	4	12	1	1	15	19	4	2	90
Total	19	85	20	49	4	12	29	62	9	24	313

[a] Includes places on or south of the Bow River
[b] Includes places on or north of the North Saskatchewan River
[c] All named settlements listed, with the exception of Medicine Hat, were cities by 1906. Edmonton includes Strathcona.

Source: Companies records as described in the Appendix, Table A.1.

Table 9.6

Sectoral Distribution of Alberta-Situated Companies Incorporated under N.W.T. Companies Ordinances by Year , 1887- 1905

Sector[a]	1887	1888	1889	1890	1891	1892	1893	1894	1895	1896	1897	1898	1899	1900	1901	1902	1903	1904	1905	Total
Finance, trust															1		1	3	4	9
Land, real estate, colonisation, 'development'			1	1			1								2	1	7	5	8	26
Transport, cartage			1				2									1			2	6
Mining											1		1		1	3	2	4	4	16
Oil, gas					1												1	3	5	10
Lumber	1															3	3	1	8	16
Grain dealing																1		1	3	6
Grain or lumber milling												1	3	1		3	1	3	8	20
Mercantile, trading					1	1		1					5	2	3	4	9	18	19	64
Other manufacture					1										2	4	5	13	5	30
Publishing			1					1				2	2		1	2	3	1	6	19
Service (e.g. hotels)					1											1	1	1	5	9
Recreation, charitable			1	3		1		1		1				2	1	2	3	4	2	21
Electric power, telephone	1				1		1	1							1	6		4	6	21
Ranching, stock-raising						1		1			1	1	2	1	1	8	7	11	3	38
Other Agricultural																			2	2
Total	2	-	4	4	5	3	3	5	-	1	2	4	14	6	13	39	43	72	90	313

[a] Because some companies were less specialised than the categories indicate, material productive was carried on to a degree in certain sectors, such as "mercantile, trading" not primarily engaged in production.

Source: Companies records as described in the Appendix, Table

Table 9.7

Mortality of Alberta-Situated Companies Incorporated before 1906 According to Companies Branch Records

Year	No. of files (companies)[a]	No. of companies presently reporting[b]	Not evident[c]	Decade struck from companies register								Known amalgamations or takeovers[d]
				1900s	1910s	1920s	1930s	1940s	1950s	1960s	1970s	
1890	1 (No.1)	0	1									
1891	1 (No.2)	0			1							
1892	—	-										
1893	—	-										
1894	1 (No.3)	0	1									
1895	—	-										
1896	—	-										
1897	2 (Nos.5,6)	0	1				1					
1898	—	-										
1899	5 (Nos.7-9A)	0	1	1	2		1					
1900	5 (Nos.10-14)	2 (2)	1		1			1				
1901	10 (Nos.15-24)	0	4	1	3	1		1				1
1902	23 (Nos.4a,15-47)	1	5	3	9	3	1		1			4
1903	46 (Nos.48-94)	2	6	9	21	3		2	1	2		5
1904	75 (Nos.95-168)	4 (2)	6	25	25	5	6		2	1	1	8
1905	90 (Nos.169-259)	6 (3)	8	30	30	9	4	1	1	1		13
Total	259 (Nos.1-259)	15 (7)	34	69	92	21	13	5	5	4	1	31

[a] The number(s) in brackets refers to the official number of the Companies Branch files.

[b] The number in brackets refers to the number of those firms still reporting who are known to be reporting under a changed name.

[c] Includes strikings where the decade of the date of striking was not reasonably evident.

[d] This is an estimate of the known amalgamations or takeovers which led to a companies being struck from the register. It is not implied that the amalgamated company or the company responsible for the takeover necessarily survives to the present.

Source: Companies Branch records as described in Appendix Table A.1.

deeper analysis of this phenomenon with more detailed case by case study might reveal the precise degree to which various early "waves" and sectors of capital as represented by incorporated joint-stock enterprises terminated their days by takeover, bankruptcy, amalgamation, etc., and the impact of such developments on the pace and character of capitalist concentration and centralization.

Nonetheless, the numbers of joint-stock companies and their capitalizations continued to grow and actually accelerated during the pre-World War I 'boom' years. Table 9.8 shows the growth in both Alberta incorporations and foreign companies registrations for the period beginning with provincial status (September 1, 1905) to the end of 1912. It is useful to note the significant difference in average capitalization between foreign companies registrations and newly incorporated companies. (Of course, a considerable number of the latter also have outside ownership.)

Table 9.8

Alberta Incorporations and Foreign Companies Registrations, 1905/6 - 1912

	Companies incorporated under Companies Ordinances			Foreign (extra-provincial) companies registered in Alberta		
Year	No. of companies	Capitalization $	Average capitalization $	No. of companies	Capitalization $	Average capitalization $
1905/6 (16 mos.)	161	18,552,000	115,230	60	52,405,000	873,417
1907	198	22,166,950	111,954	58	47,425,000	817,672
1908	137	11,917,950	86,992	43	31,312,000	728,186
1909	200	19,386,000	96,930	80	83,345,000	1,041,813
1910	300	31,474,625	104,915	85	78,922,000	928,494
1911	573	72,455,100	126,449	92	111,748,000	1,214,652
1912	731	91,351,883	124,968	168	142,492,400	848,169
Total	2,300	267,304,508	116,219	586	647,648,300	1,105,202

Source: The Monetary Times, March 15, 1913, p. 567.

The maturing of capitalist development, particularly the growth of industrial capital accumulation in Alberta, was impeded by several factors, which have been considered previously, wuch as the pattern of ownership of land and other resources, freight rate and tariff structures, and the control of financing in central Canada. Historically, the major drive towards industrialization in Alberta prior to World War I came at a time when imperialism had already been established and when the scale of production and capital requirements for competitive industrial development had risen to such a level as to be difficult if not impossible to attain for those without established wealth. Thus, the principal accumulations were derived disproportionately from non-industrial spheres in a limited number of activities--trading, jobbing, legal services, promotions, royalties, rents--such that development has been adversely affected. Lack of industrial diversification has made the economy chronically vulnerable to externally-caused crises, particularly in the agriculture and primary industry sectors. The fostering of parasitic forms of wealth accumulation, such as rentierism, with its attendent lack of innovation and research and its social conservatism, has sapped the growth of productive forces and initiatives. As a result of a long history of junior collaborations and minority joint ventures, Alberta capital still remains in a subordinate position to outside capital and with only a few areas staked out in the existing division of labour and system of production. To strengthen its weak positions relative to outside capital, Alberta capital has often made use of the provincial state. However, in this area as well, even the more aggressive provincial governments have avoided measures which would endanger its long-standing relations with outside capital or substantially weaken outside ownership of productive assets in Alberta.[19]

The Growth of the Working Class in Alberta

The growth of capital accumulation and its concentration and centralization has been evident in the changing structure of Alberta society, as shown in Table 9.8. The concentration of capital necessarily divorces increasing numbers of the population from the ownership of capital, especially productive assets (land, mines, factories, railways, etc.), and compels them to obtain their livelihood through selling their energies and skills for wages or salaries. As these figures indicate, the process (the separation of labour from capital) has been exceptionally rapid since World War II and in the decade prior to World War I. During the post-World War II decades, the class structure of Alberta was changing towards that of a mature capitalist economy. According to the 1971 Census of Canada, the number of those receiving, though not necessarily dependent upon, some form of labour income had risen to about 83.9 percent of the "labour force" (or about 53.7 percent if only full-time, full-year employees are considered) as compared to 90.0 percent (or 58.7 percent) for Canada as

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[19] Of course, Alberta capitalists, like the genus elsewhere, would rather see the economy subordinate, if not prostrate and betrayed, than give in to substantially expanded public enterprise and a socialist form of development.

Table 9.9

The Growth of the Wage and Salary Earning Population in Alberta

	1	2 Gainfully occupied population[a]		3 Wage and Salary Earners					
Census year	Alberta population total	Total	% of (1)	Total	% of (2)	% of (1)	Known full-time and full year	% of (2)	% of (1)
1971	1,627,875	692,425	42.5	577,345	83.4	35.5	369,470	53.4	22.7
1961	1,331,944	489,511	36.8	362,794	74.1	27.2	238,963	48.8	17.9
1951	939,501	353,497	37.6	266,970	64.2	24.2	166,422	47.1	17.7
1941[c]	796,169	287,831	36.2	141,838	49.3	17.8	90,482	31.4	11.4
1931	731,605	285,740	39.1	142,421	49.8	19.5			
1921	588,454	215,584	36.6	99,085	46.0	16.8			
1911	374,295	160,811	43.0	70,925	18.9				
1901[d]	65,876	28,656	43.5	3,531	12.3	5.4			
1891	25,277	14,264	56.4	3,040	4.3	12.0			
1885	15,533	10,278	66.2	1,347	13.1	8.7			

Source: Censes of Canada, and Census of the North-West Territories, 1885.

[a] Engaged in renumerative activity (for wages, salaries, profits, rents, interest) in any branch of the economic system--the census "labour force".

[b] At least 35 hours per week and 40 weeks per year.

[c] Excludes those on "active service" (in the military forces).

[d] From 1885 to 1901, figures are for the Territorial District of Alberta, a somewhat smaller area than the post-1905 Provincial boundaries; in the former Medicine Hat and environs was excluded. All figures are rough estimates.

a whole, and 91.1 percent (or 61.1 percent) for Ontario.

Within Alberta's wage and salary earning group, the productive factory-industrial component--the industrial proletariat or "working class" in a narrow sense--had risen to approximately 188,345, or about 32.6 percent of the labour force, of which roughly 123,425 or about 17.9 percent were involved directly as production (or "blue collar") workers. Contrary to much common mythology, not only is the working class or proletariat in their broadest sense (which includes all those who do wage-labour "by hand or brain") increasing both absolutely and in proportion to the population, so also is its industrial core. The scientific and technological revolution in production has contributed to the relatively more rapid growth of so-called "white collar" to "blue collar" workers, but both are growing in absolute terms and as a proportion of the total population.

Corresponding to the rise in the proportion of wage and salary earners has been the decline in the proportion of the self-employed and small businesspeople. The process is most pronounced in the agriculture sector, which has the largest element of "self-employed".[20] In 1971 Alberta, for instance, the total number of "self-employed" was 75,000, of which 43,175 (or 57.5 percent) were in agriculture. As well, off-farm income of farm families has been increasing as a proportion of total income to the extent that off-farm wages and salaries reached 40.7 percent of total farm income in Alberta in 1973.[21]

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[20] In the 1971 Census the "self-employed" included both those with and without hired labour. In some earlier Censes, the federal government provided more useful statistics by distinguishing those who did not hire labour as "own account".

[21] See Canada, Off-Farm Incomes of Farm Families, 1973, Publication No. 7616, Ottawa: Department of Agriculture.

The most dramatic trend has been the absolute and relative decline in the number of self-employed and their families in agriculture: from nearly half of the Alberta labour force in the 1920s and 1930s to only 9.5 percent in 1971. Table 9.10 reveals this precipitous change as well as another primary feature of capitalist development in agriculture, the growth of wage labour. It is notable that the number of wage-labourers and unpaid family workers as a proportion of the total agricultural labour force had grown to 23.8 percent and 25.8 percent respectively by 1971.

Of the self-employed, the largest number have been those who do not hire labour (which the 1931 to 1951 censes have classified as "own account"). This is the so-called "independent commodity producer" analyzed by C.B. Macpherson as the class base of the Social Credit movement in Alberta. Macpherson's analysis of the class composition of Alberta society is the most prominent published to date, hence his key conclusions deserve to be highlighted.

> The outstanding features of the class composition of Alberta, as compared with the more industrial provinces, are (1) that independent commodity producers (farmers and farmers' sons working on the family farm, and those in other occupations working on their own account) have been from 1921 to 1941 about 48 per cent of the whole gainfully employed population while in Ontario they have been from 20 to 25 per cent, and in Canada about 30 per cent; (2) in Alberta the industrial wage and salary earners (that is, other than on farms) have been 41 per cent of the whole, in Ontario about 70 per cent, in Canada about 60 per cent.[22]

There are many weaknesses in Macpherson's analysis, not the least

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[22] C.B. Macpherson, Democracy in Alberta: Social Credit and the Party System, pp. 15-16.

Table 9.10

The Labour Force in Alberta Agriculture, 1885-1971

		Labour force in agriculture											
	Total Alberta labour force[a]	Total		Wage-earners[b]		Unpaid family workers		Self-employed[c]					
Year	(1)	(2)	% of (1)	(3)		(4)	% of (2)	(5)	% of (2)	Employers	% of (2)	Own-account	% of (2)
1971	688,290	85,655	12.4	20,390	23.8	22,130	25.8	45,135	50.4	-	-	-	-
1961	489,511	103,573	21.2	17,624	17.0	20,354	19.7	65,595	63.3	-	-	-	-
1951	353,898	115,096	32.5	19,083	16.6	13,697	11.9	82,316	71.5	12,481	10.8	69,835	60.7
1941	288,015	141,196	49.0	23,002	16.3	26,073	18.5	94,758	67.1	29,935	21.2	62,186	44.0
1931	286,203	145,746	50.9	26,234	18.0	27,056	18.6	92,456	63.4	34,689	23.8	57,767	39.6
1921	216,244	114,202	52.8	16,743	14.7	14,898	13.0	82,561	72.3	-	-	-	-
1911	161,610	80,528	49.8	9,904	12.3	5,621	7.0	65,003	80.7	-	-	-	-
1901[d]	31,765	12,667	39.9	1,652	13.0	3,212	25.4	7,803	61.6	-	-	-	-
1891	15,007	3,684	24.5	384	10.4	847	22.9	2,463	66.7	-	-	-	-
1885	10,762	1,700	15.8	129	7.6	99	5.8	1,472	86.6	-	-	-	-

[a] The "labour force" figures are similar to those for the "gainfully occupied population" in Table 9.9. However, this present series, which was computed by Statistics Canada (and the Dominion Bureau of Statistics) on a slightly different basis, was used to provide more accurate comparability in dealing specifically with the agriculture labour force.

[b] Includes salary earners, such as farm managers and overseers.

[c] The "self-employed" includes all those who operate their own farm, unincorporated business, or professional practice with or without paid help. Where the number of self-employed who employ (employers) or do not employ (own-account) are known this breakdown has been given.

[d] Figures for 1901, 1891, and 1885 have been estimated on the basis of the post-1905 boundaries of Alberta. (The Medicine Hat sub-district was added to the Territorial District of Alberta to approximate more closely the post-1905 area.)

Source: Censes of Canada, and Census of the North-West Territories, 1885.

of which is his preoccupation with the Alberta petit-bourgeoisie to the virtual exclusion of study of the structure and dynamic of the primary classes of Alberta society--capital and wage-labour (including farm labour). Furthermore, dwelling on the quantitative size of class membership, though important, cannot by itself give one an accurate estimate of the balance of political economic forces nor the intensity of class struggle. While Macpherson tended to view Alberta as having a "quasi-colonial economy" he did not fully recognize the existence of the capitalist class inside Alberta and its position in the provincial state, nor is there any serious estimate of the role of working class. Consequently, the most intense conflicts tend not to be viewed as 'class struggles' but typically as east-west conflicts or debates over the 'theory' of democratic government.

In treating the development of capitalism in agriculture it needs to be emphasized that farmers do not constitute an independent class[23] as such but an occupation or economic sector which is divided by the classes of capitalist society as is every other sector. References to such notions as the "family farm" can also obscure the class character of the development of capitalism in agriculture.[24] In fact, there are capitalists and wage-labourers in agriculture, and the general process of capitalist concentration and centralization obtains in this sector as well. The existence of a large petit bourgeois stratum of "own account" farmers reflects the relatively lower level of development of capitalism in agriculture than in other sectors of production, but the fundamental capitalist tendencies are still evident and have actually acclelerated sine the 1940s.[25]

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[23] The view of farmers as belonging to a single class is still common, although the divisions among farmers are becoming increasingly evident. The contradiction is apparent in a recent book on Canadian agriculture which entitles one of its chapters "Farmers: A Class Divided". (See Don Mitchell, The Politics of Food, Toronto: James Lorimer and Company, 1975, Chapter II.)

[24] In his study of U.S. agriculture, Lenin several times referred to the "family farm" notion and commented that: "In order to study and understand the precise nature of the process one must go beyond the trite petty-bourgeois phrases about 'family farming' or the routine methods of comparing acreage alone". ("New Data", p. 59.) One could also say this of the notion of "family business".

The rapid growth--and decline--of the major "petit bourgeoisie" described by Macpherson followed from the process of internal colonization. The "free homesteading" of Dominion Lands policy, which made available usurped low cost land under private ownership, helped establish large numbers of immigrants and migrants as small proprietors. As shown in Table 9.11, the major period of rapid extensive growth in agricultural development, as measured both in the total area of farms, the total improved area, and the number of farms, came to an end during the 1930s, although there has been some limited extensive development since then.[26] For example, between 1901 and 1936 the number of farms in Alberta rose from 9,479 to its peak of 100,358, of which the majority were held by the petit bourgeoisie. Yet within one or two generations, the inexorable pressures of capitalist development had more than halved the numbers of these smallholders from their level of over 90,000 between the late 1920s and early 1940s to less than 45,000 in the 1970s--despite an overall rise in Alberta's population.

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[25] Indeed, one could argue that it was because neither the farmers as a whole, nor the stratum of "independent commodity producers", constituted a stable and homogeneous class that they wavered and were divided under pressure and, ultimately, were unsuccessful in "Alberta's Political Experimentation", as Macpherson characterizes it.

[26] Interesting material on early crop acreages is available in the decennial Census of Canada in the volumes dealing with agriculture, especially in 1911, Vol. IV, p. xxxv.

Table 9.11

Alberta Farms by Number and Area, 1901-1951

Year	(1) No. of farms	(2) Total area in farms (thousand acres)	(3) Improved area in farms (thousand acres)	(3) as % of (2)	Average area per farm (acres)	Improved area per farm (acres)
1901	9,479	2,736	475	17.4	289	50
1911	60,996	17,359	4,352	25.1	285	71
1916	67,977	23,063	7,510	32.6	339	110
1921	82,954	29,293	11,768	40.2	353	142
1926	77,130	28,573	13,204	46.2	370	171
1931	97,408	38,977	17,749	45.5	400	182
1936	100,358	40,540	18,363	45.3	404	183
1941	99,732	43,277	20,125	46.5	434	202
1946	89,541	41,451	20,281	48.3	463	226
1951	84,315	44,460	22,271	50.1	527	264
1961	73,212	47,229	25,289	53.5	645	345
1971	62,702	49,506	28,460	57.5	790	454

Source: Bureau of Statistics, Alberta Facts and Figures, 1950, p. 78; Alberta Land Use Forum, Structure of Alberta Farms, Technical Report 11, Edmonton: Alberta Land Use Forum, 1974, pp.4, 6.

In sum, there are three outstanding features to observe in the development of agriculture and its corresponding class structure in Alberta. Firstly, there has been both a sharp absolute and relative decline in the size of the labour force engaged in agriculture since the close of the rapid extensive development in the 1930s. Secondly, there has also been a sharp decline in the absolute and relative number of small (or "self-employed") farmers engaged in agriculture. Thirdly, there has been a long-run increase in the proportion of both wage-workers and unpaid family workers engaged in agriculture; since 1951, their absolute numbers as well have been increasing. Moreover, the proportion of farmer income derived from off-farm wages and salaries has also increased.

Another major consequence of the growing concentration and centralization of capital was rapid urbanization. The closing of the era of extensive agricultural settlement by the 1930s, the migrations of the Great Depression, and the war boom in the 1940s, saw the end of Alberta's predominately rural settlement structure. The growth of large-scale enterprises and public institutions, the improvement of roads, transport, and communications, and the centralization of markets have propelled the movement towards larger agglomerations of settlement--and urbanization. Table 9.12 illustrates the growing proportions of Alberta's urban population compared with Canada and with Ontario, which, quantitatively, is the most urbanized province in Canada.

Between 1911 and 1941 there was a considerable absolute growth in both urban and rural populations, but the general urban-rural (including rural non-farm) proportions did not change. However, during the 1940s and 1950s, there was a radical shift towards urbanization, which corresponded with the burst of capitalist expansion that followed on World War

Table 9.12

Urban Population[a] as a Proportion of Total Population Compared in Alberta, Canada, and Ontario, 1901-1971

Census years	(in percentages) Alberta	Canada[b]	Ontario
1901	16.2	34.9	40.3
1911	24.4	41.8	49.5
1921	30.7	47.4	58.5
1931	31.8	52.5	63.1
1941	31.9	55.7	67.5
1951	47.6	62.4	72.5
1961	63.3	69.7	77.3
1971	73.5	76.1	82.4

Source: Leroy O. Stone, Urban Development in Canada: An Introduction to Demographic Aspects, 1961 Census Monographs, D.B.S. Catalogue No. CS99-542/1967, Ottawa: Dominion Bureau of Statistics, 1967, p. 29; Alberta, Alberta Land Use Forum, General Land Use Statistics (Technical Report No. 10), Part III, p. 2.

[a] Includes, generally, all settlements with a population of 1,000 or greater.

[b] Excludes Newfoundland before 1951.

II. During these years, as during the first years following provincial status in 1905, Alberta had the highest rate of urbanization in Canada.

The proletariat in Alberta sprang from three main sources. Firstly, there has been the process of migration and immigration. This stream has included persons from various class backgrounds, such as the proletariat, peasantry, or petit bourgeois strata (outside Alberta and Canada). In this respect, the stream could be treated as an aspect of the process of proletarianization on a world level, although one would have to distinguish between elements who have been declassed and those who are undergoing, in a sense, a "lateral transfer". Secondly, there has been the 'natural increase' of the proletariat through its own reproduction and some intermarriage with other classes and strata. Thirdly, there has been the process of proletarianization per se, that is, the separation of small proprietor and capitalist from their means of production and their being turned into wage and salary earners. Of course, there have been 'exceptional' persons with "upward mobility" in class terms, but the predominant tendency is towards proletarianization and the figures given thus far represent net not gross flows of persons.

The process of proletarianization is a matter of profound political economic significance in the history of the development of capitalism in Alberta. In the agricultural sector, for example, it can help account for much of the major flow of the 'marginal' or small farmer into wage and salary earning whether leaving the farm or remaining on it.[27] This "expropriation of the small farmer" was described incisively in Lenin's analysis of U.S. agricultural data:

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[27] In attacking capitalist oriented approaches, Lenin observed: "As a general rule, bourgeois and petty-bourgeois economists turn a blind eye to the obvious connection between the flight of the population from the countryside and the ruin of the small producers." ("New Data", p. 86.)

> This picture [from U.S. agricultural data] is a clear indication of the growing expropriation of small-scale agriculture. The rural population is increasing more slowly than the urban. The number of farmers is increasing more slowly than the rural population; the number of owners is increasing more slowly than the number of farmers; the number of full owners--more slowly than the number of owners in general. . . .
>
> The tendency of capitalism to expropriate small-scale agriculture is so strong that the American "North" shows an absolute decrease in the number of landowners, in spite of the distribution of tens of millions of acres of unoccupied, free land. . . .
>
> The percentage of mortgaged farms is on a steady increase. . . . The American statisticians also point out that the mortgaging of a farm does not always indicate lack of prosperity; it is sometimes a way of obtaining capital for land improvement; and the like. This is indisputable, but this indisputable observation should not conceal the fact--as is much too often the case with bourgeois economists--that only a well-to-do minority are in a position to obtain capital for improvements, etc., in this way, and to employ it productively; the majority are further impoverished and fall into the clutches of finance capital assuming this particular form. . . .
>
> The growth in the number of mortgaged farms in any case means that actual control over them is transferred to the capitalists. It stands to reason that apart from officially recorded and notarised mortgages, a considerable number of farms are steeped in private debt, which is not covered by strict legal instruments and is not recorded by the census.[28]

The decline of profits and capital accumulation among small farms and enterprises and, associated with it, the experience or threat of proletarianization for small farmers has been a significant factor in the role of movements like Social Credit which cater to petit bourgeois radicalism. Despite such reactions, the process of proletarianization and the growth of the proletariat has continued and even accelerated. No Alberta government, least of all the Social Credit government, has stemmed let alone reversed this inexorable tendency of capitalist development.

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[28] Ibid., pp. 86,88, 91, 92.

One can obtain a reasonable estimate of the growth of the proletariat, although it is difficult, given available statistical material, to separate out the rate of proletarianization in pure terms from the rate of migration and immigration, and from the rate of natural increase. Bankruptcy statistics ("commercial failures")[29], which have revealed sharp increases during periods of intensified crisis such as the World War I years and the early years of the Great Depression, are a useful indicator but hardly the full picture. In general, one can observe that the ruination of the small producer does not necessarily mean an *immediate* increase in the number of wage and salary earners, particularly if occurring during a depression. In the depths of the Great Depression, for example, the activities of foreclosure, repossession, eviction, and tax sale were somewhat abated by mass popular protest and, in the absence of demand for small property and chattels, some capitalists and governments reasoned that a little payment or a defered payment was preferable to no payment at all. But with the return of the prosperity or 'boom' phase of capitalist accumulation, the demand for wage-labour expands and those weakened and ruined proprietors enter into the ranks--and statistics--of the proletariat. Thus, the nominal rate of proletarianization rises in relation to the growth of capital accumulation (or the level of aggregate demand for labour), although its economic precondition is the creating of a population 'predisposed' to do wage-labour by means of the actual process of proletarianization (from simply blocking the 'progress' of the small proprietor to outright ruination), migration and immigration, and natural population increase. For these reasons, it is understandable in the case of Alberta that the decades of most rapid growth in the proletariat were during the 'boom' years of the rise of monopoly capitalism prior to World War I and the decades beginning in the 1940s, while the proletariat (at least nominally) grew much less or even declined during periods of major depression such as the 1930s.

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[29] See, for example, Dominion Bureau of Statistics, *Commercial Failures Under the Provisionals of the Bankruptcy and Winding Up Acts*, Catalogue No. 61-002; also, for early years, various *Canada Year Books*.

Exploitation of Wage-Labour and Labour Conditions

With the growth of capital grew also the exploitation of wage-labour. Chapter Seven treated the changes in the rate of exploitation in the coal mining industry. In principle, similar estimates could be provided for the Alberta economy as a whole or other sectors such as the manufacturing sector. However, very little has been written on the history of labour conditions in Canada;[30] even less has been written on Alberta. Due to the scarcity of detailed and reliable statistical material, the calculation of measures of exploitation either in absolute or index form would be another major undertaking beyond the limits of this thesis. For example, no rough historical data is available on profits generated by enterprises in Alberta in aggregate or by sector. Neither are there reliable provincial time series on labour conditions, such as wages (before and after taxes), length of workday, 'cost of subsistence', unemployment, and employment. Even calculation of aggregate productivity indexes (for Kuczynski-type indexes of exploitation) is made difficult by the inadequacy the price data necessary to put productivity growth in real terms.[31]

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[30] A notable if brief exception has been Jurgen Kuczynski, A Short History of Labour Conditions Under Industrial Capitalism in Great Britain and the Empire, New York: Barnes and Noble Books, 1972 (first edition in two volumes, 1942), Part II, Chapter II. In John Blue's Alberta Past and Present, Vol. I, Chapter XXII there is a useful if limited recounting of the history of some statutes and regulations relating to labour conditions and a little on the actual state of labour conditions.

At this stage it is possible to make only a few preliminary observations, generally taken from published material of the federal Department of Labour. Firstly, with respect to money wages, the level of wage rates for both non-farm and farm labour appears to have been generally higher in Alberta than in Ontario or the Canadian average, at least until the post-World War II period.[32] Also, wages were generally higher in the cities than in the towns and villages. However, total average earnings and average weekly earnings for wage-earners fluctuated more widely than the Ontario or Canadian levels and, in some years such as during the Great Depression, actually fell below the Ontario and Canadian levels.

Secondly, with respect to hours of labour, it appears that the length of the working day and working week was somewhat shorter in Alberta than in Ontario. Prior to 1906, the working day in the province was generally nine and ten hours in the cities and longer in other areas. But in 1906 several building trades unions (carpenters, joiners, painters, bricklayers, masons, plumbers, steam fitters) were able to win the eight-hour day (as the standard working day). In 1908, provincial legislation limited the hours for miners working underground to eight hours per day. The Factory Act of 1917 provided that hours of labour for any person on day shift should not commence earlier than 7:00 a.m. or terminate later than 6:00 p.m., and that any night shift should not be longer than eight hours. Early closing legislation affecting wholesale and retail shops and stores was also passed. In 1897, the Municipal Ordinance enabled municipal councils to pass early closing bylaws. In 1912, the provincial government passed an Early Closing Act which applied to cities and towns with a population of 1,000 or greater.[33]

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[31] Of the many important lacunae in published data perhaps none reveal the 'non-neutral' character of present and past state statistical collection than the area of labour conditions, on the one hand, and the area of profits and wealth, on the other. Indeed, this important matter, at present untouched by academe, could constitute by itself a major study, since the struggle for social and economic progress affects and is affected by the character and accessibility of public statistical services.

[32] Canada, Rates of Wages and Hours of Labour in Canada, Ottawa: Department of Labour, various years; Canada, Censes of Canada, Ottawa: Dominion Bureau of Statistics, various years, especially 1941, Vol. 6; John Blue, op. cit., pp. 392-395.

Thirdly, with respect to unemployment, some consolidated figures have been available since World War I when, following years of labour pressure, the federal government began official collection of this data. Table 9.13 shows that the level of unemployment has been generally lower than in Ontario and Canada as a whole. However, it must be remembered that the unemployment figures presented are limited in scope for they represent unemployment in trade unions alone. (In 1920, total union membership in Alberta was about 15,272[34] or 15.4 percent of the 99,085 wage and salary earners in the province.) However, the rate of unemployment in certain key sectors, principally construction and mining was often higher

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[33] John Blue, op. cit., pp. 379-380.

[34] Ibid., p. 381.

Table 9.13

Trade Union Unemployment[a] in Alberta, Ontario, and Canada, 1919-1949
(percentages)

Year	Alberta	Ontario	Canada	Year	Alberta	Ontario	Canada
1915[b]	4.3	8.1	7.9	1931	19.4	17.2	16.8
1916	1.7	1.6	2.0	1932	22.6	23.7	22.0
1917	1.6	2.5	2.6	1933	21.7	24.4	22.3
1918	2.1	2.9	2.5	1934	17.8	18.1	18.2
1919	2.0	2.7	3.4	1935	15.4	14.3	15.4
1920	2.8	3.4	4.9	1936	12.0	12.0	13.2
1921	7.8	9.7	12.7	1937	12.0	8.3	10.7
1922	6.1	5.0	7.1	1938	12.3	12.1	13.1
1923	6.0	3.7	4.9	1939	12.3	11.1	12.2
1924	5.4	6.1	7.2	1940	9.7	6.0	7.8
1925	8.4	5.5	7.0	1941	6.7	3.4	4.5
1926	4.9	4.2	5.1	1942	2.9	2.2	2.2
1927	4.1	4.1	4.9	1943	.8	.6	.8
1928	4.2	3.5	4.5	1944	.6	.4	.5
1929	6.4	4.3	5.7	1945	.6	1.5	1.4
1930	13.3	10.4	11.1	1946	.8	1.1	1.4
				1947	1.0	0.6	1.3
				1948	1.5	1.8	2.2
				1949	1.8	2.5	3.0

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[a] All the present figures were based on reports from local trade unions, and counted those who were "involuntarily idle due to economic causes" as a proportion of the membership of local trade unions.

[b] Figures from 1915 to 1919 inclusive are for the month of December. In all other years the figures are annual averages.

Source: Canada, The Labour Gazette, various years.

than in Ontario and in Canada. The unions typically reporting the highest rates of unemployment in Alberta, both in winter and in summer, were the building trades. While Alberta had generally lower unemployment than the Canadian average, this was due partly to the 'cushion' provided by the large agricultural sector and its capacity to disguise unemployment and underemployment. The position of agriculture in helping to store the reserve army of labour was illustrated most dramatically during the Great Depression when for some years there was actually a net outflow of population from cities to the countryside.

Fourthly, with respect to prices, Alberta has had a generally higher cost of living than Ontario and most other areas of Canada, except British Columbia. Table 9.1 gives an indication of the average cost of staple foods by provinces for the month of December. The values of a bundle of staple foods was calculated by the federal Department of Labour as one component in what was considered to be a representative budget of a family of five.

Pending thorough research to obtain more accurate quantitative and qualitative measures of the living conditions of labour in Alberta and other parts of Canada (and the U.S.), it would be cavalier to assume that labour conditions in Alberta were substantially or continuously higher than in Ontario or Canada as a whole. At very least, Alberta labour appears to have sharper immediate fluctuations in money wages and prices. And one must take into account the effect of transportation costs over vast Prairie distances on both mobility and costs of subsistence.[35] However, the avail-

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[35] Transportation costs (and taxes), for example, were not included in the Department of Labour cost of living studies reported in the Labour Gazette.

Table 9.14

Average Cost Per Week of Staple Foods in a Family Budget by Province, 1900-1937 (dollars)

Year	Alberta	B.C.	Manitoba	Ontario	Quebec	Saskatchewan	Canada
1900	6.02	6.90	5.85	5.01	5.15	6.86	5.48
1905	6.50	7.74	6.19	5.60	5.64	6.92	5.96
1910	8.00	8.32	7.46	6.50	6.33	7.86	6.95
1913	8.33	9.13	7.87	7.20	6.87	8.25	7.34
1914[a]	8.47	8.94	8.25	7.74	7.37	8.80	7.86
1918	13.80	14.54	13.29	13.62	13.07	13.86	13.65
1919	15.16	15.64	15.20	14.75	13.95	15.65	14.73
1020	14.56	15.93	14.38	14.91	14.05	14.52	14.84
1921	10.63	12.02	10.63	10.83	10.58	11.04	11.00
1926	11.07	11.99	10.51	11.31	10.37	11.12	11.18
1929	12.13	12.99	11.64	11.75	11.02	12.03	11.83
1933	7.14	8.22	6.85	7.37	6.72	7.02	7.37
1937	8.61	9.75	8.40	8.75	8.11	8.58	8.78

[a] From 1914 to 1937 inclusive, figures are for the month of December.

Source: Canada, The Labour Gazette, January 1919, pp. 98-99, and June 1938, pp. 114-115.

ability of relatively low-cost land, especially prior to World War I, created an alternative to wage-labour for those with some savings and thus acted as an upward pressure on wages and related conditions, as in earlier settlement colonies. Nor can it be ignored that Alberta (with Ontario) has one of the highest rates of labour force participation in Canada.[36]

The significance of the colonial background to the development of the capitalist labour market in Alberta needs special emphasis. The labour market did not appear as a ready-made phenomena nor as a mere extension of the market of central Canada; the colonial background of the western interior gave to the relations between labour and capital and the initial economic structure in Alberta a character significantly different from that of established capitalist economies.

> The essence of the free colony . . . consists in this--that the bulk of the soil is still public property, and every settler on it can therefore turn part of it into his private property and individual means of production, without hindering the later settlers in the same operation. This is the secret of both the prosperity of the colonies and their inveterate vice--opposition to the establishment of capital.[37]

Marx argued that in the colony the 'normal'relations of wage-labourer to capitalist did not obtain, to the disadvantage of the capitalist:

> The great beauty of capitalist production consists in this--that it not only constantly reproduces the wage-worker as wage-worker, but produces always, in proportion to the accumulation of capital, a relative surplus population of wage-workers. Thus the

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[36] Sylvia Ostry, Provincial Differences in Labour Force Participation, 1961 Census Monograph, Catalogue 99-551, Ottawa: Dominion Bureau of Statistics, 1968, pp. 22-25.

[37] Karl Marx, Capital, Vol. I, p. 768.

> law of supply and demand of labour is kept in the right rut, the oscillation of wages is penned within limits satisfactory to capitalist exploitation, and lastly, the social dependence of the labourer on the capitalist, that indispensable requisite, is secured; an unmistakeable relation of dependence, which the smug political economist, at home, in the mother-country, can transmogrify into one of free contract between buyer and seller, between equally independent owners of commodities, the owner of the commodity capital and the owner of the commodity labour. But in the colonies this pretty fancy is torn asunder. The absolute population here increases much more quickly than in the mother-country, because many labourers enter this world as ready-made adults, and yet the labour-market is always understocked. The law of supply and demand of labour falls to pieces. On the one hand, the old world constantly throws in capital, thirsting after exploitation and "abstinence"; on the other, the regular reproduction of the wage-labourer as wage-labourer comes into collision with impediments the most impertinent and in part invincible. What becomes of the production of wage-labourers, supernumerary in proportion to the accumulation of capital? The wage-worker of today is to-morrow an independent peasant, an artisan, working for himself. He vanishes from the labour-market, but not into the workhouse. This constant transformation of the wage-labourers into independent producers, who work for themselves instead of for capital, and enrich themselves instead of the capitalist gentry, reacts in its turn very perversely on the conditions of the labour-market. Not only does the degree of exploitation of the wage-labourer remain indecently low. The wage-labourer loses into the bargain, along with the relation of dependence, also the sentiment of dependence on the abstemious capitalist.[38]

Within such a context, the drive among capitalists to promote immigration to create the conditions of the 'normal' capitalist labour market is indeed comprehensible; so also is the growth and sharpness of the class struggle led by capitalist interests desperate to contain and 'beat in line' a section of the working class somewhat more independent in economic conditions and consciousness.

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[38] Ibid., pp. 769-770.

Scientific and Technological Transformation

The effects of scientific and technological revolution have also had profound significance for the development of the working class in Alberta. Certain changes in technology had far-reaching effects lasting many decades. One of the most important was in the transformation in power sources; the replacing of steam-power by the internal combustion engine and, coupled with it, the turn from coal to petroleum. The transformation in Alberta was in full motion shortly after World War I, although the pre-war decision of the British admiralty to switch from coat to oil had given petroleum the status of a major strategic commodity and the leading fuel of imperialism several years previously.

In the pre-1940s decades, the most prominent form of mechanical power in Alberta was the steam engine, but the use of electric motors and gas (or gasoline)-fueled engines had risen sharply by World War I. Table 9.15 gives an indication of the main power sources in Alberta manufacturing in selected years. In the early years mechanical power was often provided by manufacturing industries themselves; however, as the capital requirements rose together with advances in the scale power production, one sees increased specialization and scale in the provision of electric power and the rise of major power utility companies.

Corresponding to the use of steam engines, the production of coal in Alberta rose from about .3 million tons in 1900, to 2.9 million tons in 1910, to a peak of 8.8 million tons in 1946. But after the turn of the railways to "dieselization" and the 1947 Leduc oil finds, Alberta coal production fell dramatically to a low of 2.0 million tons in 1961. Nonetheless, although technological change was a significant factor in the decline in Alberta coal production it was by no means the predominant problem. In Alberta, the railways, especially the C.P.R., dominated the

Table 9.15

Power Equipment in Alberta Manufacturing for Selected Years, 1900-1946
(horse power)

Years	Steam engines (and turbines)	Internal combustion engines	Water wheels and hydraulic turbines	Operated by purchased power	Operated by own power generation	Total	Total power[a] equipment employed
1900[b]	1,976	27	90			57	
1910	32,124	2,008	265			7,369	
1933	21,253	3,893	32	39,341	2,091	41,432	64,519
1946	28,281	30,640	-	91,465	6,276	97,741	150,386

[a] For 1933 and 1946, excludes the h.p. of electric motors operated by power generated by reporting establishments.

[b] Figures are for the post-1905 area of Alberta. Estimates for the larger area were based on the rough assumption that power engines varied in relation to the value of output.

Source: Canada, Census of Canada, 1901 and 1911; Dominion Bureau of Statistics, The Manufacturing Industries of Canada, 1933 and 1946.

development of coal mining; railways were the largest consumer of coal, and their freight rate structure never permitted the market for Alberta coal to extend beyond its regional base to eastern industry and thermal generating plants. During the late 1930s, in Canada generally, the largest single use of coal was in domestic heating (about 30 per cent) while railways consumed about 25 percent, and coke and gas producing plants about 10 percent.[39] In Alberta, there was relatively little industry, and domestic heating could be attended to by the then cheaper and cleaner natural gas. A. den Otter emphasizes this dependency:

> The great tragedy of the coal-mining industry in Alberta, especially in reference to the fate of miners, was its total dependence upon the regional railway and the domestic market of the prairies; when these disappeared, the industry withered away. It was the Japanese smelting industry and Alberta coal-fired generators which ultimately revived the dying industry.[40]

The impact of the major technological transformation was felt in many areas besides coal mining. In transportation as a whole and agriculture, the internal combustion engine displaced the ('hay-fueled') horse and steam driven machinery following the 1910s. With reference to agriculture, V.C. Fowke remarks:

> The comparative prosperity of the later 1920s gave considerable impetus to the first major mechanical revolution to take place in the wheat economy. . . . The gasoline tractor was well established in the West by the end of the First World War but its use became much more general in the later twenties. The harvester combine was practically unknown on the Canadian plains until after the middle of the twenties. The farm motor truck first appeared in significant numbers

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[39] K.H. Burley, The Development of Canada's Staples, 1867-1939, Toronto: McClelland and Stewart, 1970, p. 173.

[40] A.A. den Otter, "Railways and Alberta's Coal Problem, 1880-1960", pp. 97-98.

in the wheat economy in the same interval.[41]

The first automobile appeared in Alberta about 1903. In 1907, there were 55 motor vehicles registered in the province. A major increase took place in the 1910s, from 3,773 registrations in 1912 to 29,250 in 1918. But the largest growth took place after World War II: in 1946 there were 138,868 registrations, while in 1953 this had risen to 320,074.[42] The impact was also felt in aviation, an industry in which Alberta saw considerable early activity. The first flight in Alberta probably took place in 1909, near Calgary, but interest in aviation burgeoned in Alberta as a result of World War I in the years following the war. In particular, the 1920 discovery of oil at Fort Norman precipitated the first major commercial activity in air transportation, and opened the heyday of the entrepreneurial "bush pilots".[43]

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[41] V.C. Fowke, The National Policy and the Wheat Economy, p. 81. Since there were some important mechanical innovations in Prairie agriculture prior to the 1920s, such as the steam thresher, one might question Fowke's somewhat simplified picture; nonetheless, World War I was a watershed in agricultural development, as in other areas. Several other materials on farm machinery in agriculture are available. For statistical material see early Censes of Canada; also Alberta, A Historical Series of Agricultural Statistics for Alberta, including Supplement, Edmonton: Department of Agriculture, n.d.. Some articles are J.A. Butlin, "The Effect of Canadian Business Cycles on the Adoption of Technological Innovations in Canadian Agriculture, 1926-27", Canadian Journal of Agricultural Economics, Vol. 19, No. 2, 1971, pp. 61-71; F.M. Cantlon, "Breaking the Prairie Sod", Alberta Historical Review, Vol. 13, No. 3, Summer 1965, pp. 22-24, and "The Threshing Crews", Alberta Historical Review, Vol. 16, No. 4, Autumn 1968, pp. 17-18; W.L. Cavert, "The Technological Revolution in Agriculture, 1910-1955", Agricultural History, Vol. 30, 1956, pp. 18-27; A.N. Johnson, "The Impact of Farm Machinery on the Farm Economy", Agricultural History, Vol. 24, 1950, pp. 58-61.

[42] Alberta, Facts and Figures, 1954, p. 249. The figures include cars, trucks, buses, and motorcycles.

[43] See, for example, Eugenie Louise Myles, Airborne from Edmonton, Toronto: Ryerson Press, 1959.

Due to the limited range of diversification and the orientation towards primary production in Alberta's economic development, the shift from coal to oil had an even greater impact in Alberta than in other areas of Canada. Besides strengthening the position of foreign-owned (mainly U.S.) and controlled multinational oil corporations at the expense of Canadian coal-mining and industrial interests, it had the effect of severely weakening if not wiping out several mining communities and associated local markets and businesses and, above all, decimated the most militant section of the working class in Alberta. In 1906, coal mines in Alberta averaged about 2,800 employees. This rose to a peak of over 10,000 in 1921. In 1946, the peak year of coal production, employment had fallen to 8,500 as a result of major increases in labour productivity. By 1952, employment was under 7,000 and fell rapidly to a low of 1,146 in 1966.[44]

While the working class in Alberta has been growing both in relative and absolute terms, changes such as this have affected its internal structure and dynamism. For example, as noted earlier, the number of so-called "blue collar" or manual workers has increased in absolute numbers, but relative to the increase in the number of "white collar" or clerical-professional workers, the former has grown more slowly and now constitutes a somewhat smaller proportion of the present-day wage and salary population. Nevertheless, the distinction between those who labour 'by hand or brain' is gradually weakening as many more manual jobs require complex techniques and higher levels of education. On the other hand, many clerical and 'professional' jobs have come increasingly to be based on wage-labour and organized along advanced industrial lines, such as the mechanization, automation, and 'pooling' of office work (frequently entitled today "data processing" or "word processing"), and the formation of 'white-collar unions'.

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[44] Alberta, Annual Report of the Mines Division, various years.

The impact on education of scientific and technological transformation in the system of production has long been evident in Alberta,[45] although the post-1930s trends seem most dramatic. For example, in 1951, 45.1 percent of Alberta's labour force had some secondary education (between 9 and 12 years of schooling) and 9.6 percent had at least some post-secondary education (13 years or more of schooling).[46] In 1979, no less than 56.4 percent of the Alberta labour force had some secondary education and 32.7 percent had at least some post-secondary education.[47] As for wage and salary earners, it is indicative of a similar trend that in 1961, 59.8 percent had some secondary education and 11.3 percent had some university education (if not a degree), while in 1971, 64.4 percent had some secondary education and 17.9 percent had some university education.[48]

While there have been numerous and profound effects from scientific and technological transformation in Alberta's development, this is an area which requires much more comprehensive study than can be managed within the scope of this thesis. However, it should be noted here, perhaps as a point of departure for further investigation on the means of innovation and diffusion of science and technology in Alberta, that most major scientific and technological advances to come to Alberta have been initiated and deployed from outside the province. Where there have been some significant exceptions, in particular, in the primary sectors of agriculture and minerals, the research and development has usually been funded directly or stimulated through the federal or provincial governments, such as through research grants, tax concessions, publically-funded research institutions, universities, etc., in an effort to accelerate capitalist advance. In 1921, for example, the provincial Liberal government established the Scientific and Industrial Research Council of Alberta in order to expand private investment potential in the province, notably with the growing interest in the Athabasca oil sands. This council (now simply the Research Council of Alberta) was the first established in any Canadian province and was concerned mainly with petroleum and coal research.[49] The history of tar sands and other mineral research, including the provincial state allocation of research costs, patent rights, and royalties, would provide an interesting--and suggestive--commentary on the role of the provincial (and federal) state in the development of capitalism in the natural resource sector.

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[45] See, for example, Canada, Royal Commission on Industrial Training and Technical Education, Report of the Commissions, Ottawa: King's Printer, 1913, Part IV, pp. 2288-2327.

[46] Canada, Census of Canada, 1951, Vol. IV, Table 19.

[47] Canada, The Labour Force, Catalogue 71-001, Ottawa: Statistics Canada, February 1979, Table 6. The figures are for the month of February.

[48] Canada, Census of Canada, 1961 and 1971.

The Class Struggle

All the above elements have helped to determine the development of the working class in Alberta and to set the terms of exploitation of wage-labour which itself gives rise to the primary dynamic of capitalism--the class struggle. The level of class struggle and the balance of class forces are indicated in many ways but among the most telling is the extent of stike and lockout activity. Table 9.16 of strikes and lockouts in Alberta, and its more elaborate version in the Appendix, show the quantitative significance of the major strike tides associated with the first and second general crises. The first reached a peak in the early 1920s, the second in the mid-1940s. If these Alberta figures are compared with the Canadian figures (Table 9.17) one can note that while the first general crisis led to sharply intensified strike-lockout activity, the second general crisis was more muted in its impact in Alberta. Part of the background to this development was associated with the decline of coal mining and the rise of oil and gas production under U.S. multinational corporate hegemony, coupled with the generally stronger position of U.S. imperialism and certain collaborationist tendencies in Alberta trade unions; however, this important question is another which lies beyond the limits of the present thesis and must be left for further study elsewhere. Finally, in both the figures for Canada and Alberta, one can see the appearance of a third major tide of strike-lockout activity beginning in the 1960s. Although somewhat delayed in its appearance by comparison with the capitalist countries of Europe, this intensification of class struggle was associated with the third general crisis of capitalism.

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[49] J.J. Brown, Ideas in Exile: A History of Canadian Invention, Toronto: McClelland and Stewart, 1967, p. 215.

Another important phenomenon, which is also an aspect of the growth of class struggle was the development of trade unions. While there has never been a year in the history of Alberta in which there was not some degree of stike-lockout activity and class struggle generally, the advance of trade union organization usually occurred as a result of intensified

Table 9.16
Strikes and Lockouts in Alberta, 1902 - 1978

	Alberta Provincial Disputes			
Year	No. of disputes	No. of employees affected	No. of lost days	No. of interprovincial disputes affecting Alberta
1902	1	90	1,080	-
1903	4	183	3,990	-
1904	1	28	112	2
1905	2	400	13,000	-
1906	12	1,491	127,709	-
1907	6	678	2,556	2
1908	3	569	8,599	1
1909	6	873	48,416	1
1910	6	730	13,882	3
1911	12	1,668	8,545	2
1912	14	3,345	76,837	1
1913	6	1,369	13,051	1
1914	4	1,077	17,167	-
1915	4	355	4,108	-
1916	4	494	8,974	-
1917	17	11,613	330,618	-
1918	31	5,076	55,711	2
1919	16	6,098	147,829	2
1920	36	8,593	127,019	-
1921	11	729	6,435	-
1922	20	10,562	966,842	-
1923	14	3,435	55,267	-
1924	9	7,146	1,002,179	2
1925	14	3,200	89,756	-
1926	3	445	4,105	-
1927	5	765	6,371	-
1928	10	2,743	87,057	-
1929	3	321	10,142	-
1930	5	174	2,260	-
1931	10	662	5,717	-
1932	20	3,294	111,783	-
1933	11	1,235	14,474	-
1934	9	519	5,754	1
1935	12	1,870	20,054	-
1936	14	2,783	20,987	1
1937	17	2,413	15,094	-
1938	11	1,720	9,874	-
1939	10	1,524	19,043	-
1940	7	882	8,238	-
1941	8	1,451	10,479	-
1942	17	4,461	7,223	-
1943	41	7,025	33,536	1
1944	19	2,458	7,943	-
1945	17	2,729	6,260	2
1946	23	9,308	27,871	2
1947	11	1,243	14,742	2
1948	5	146	1,573	1
1949	8	687	4,865	-
1950	12	1,963	13,643	1
1951	9	1,409	8,882	-
1951	11	1,666	13,874	-
1953	5	956	2,559	-
1954	6	1,032	59,220	-
1955	3	225	1,625	-
1956	4	1,121	11,935	-
1957	2	405	2,085	1
1958	8	1,321	27,570	1
1959	5	559	11,090	-
1960	5	1,684	27,610	-
1961	8	2,413	17,390	-
1962	9	1,073	21,300	-
1963	7	1,127	23,520	2
1964	2	68	6,300	-
1965	9	1,123	6,170	1
1966	15	2,350	46,780	2
1967	9	1,428	17,920	-
1968	10	2,279	58,622	1
1969	15	2,221	64,000	2
1970	10	2,511	37,160	2
1971	19	9,773	83,020	7
1972	9	932	25,870	6
1973	25	8,405	181,430	6
1974	44	22,237	203,850	8
1975	34	16,979	374,940	7
1976	27	7,532	106,980	5
1977	13	4,819	66,810	1
1978	46	20,184	447,897	
1979				

Source: Compiled by D. Leadbeater from issues of The Labour Gazette, Ottawa: Department of Labour, and Report on Strikes and Lockouts in Canada, Ottawa: Department of Labour. Under "interprovincial disputes affecting Alberta" is an estimate of the number of disputes in areas of federal jurisdiction in which employees in Alberta were involved. A few Alberta-B.C. coal mining disputes are included in this category, but most are under Alberta provincial disputes.

Table 9.17

Strikes and Lockouts in Canada, 1901-1977

Year	No. of disputes	No. of workers involved	No. of days lost	% of estimated working time
1901	99	24,089	737,808	-
1902	125	12,709	203,301	-
1903	175	38,408	858,959	-
1904	103	11,420	192,890	-
1905	96	12,513	246,138	-
1906	150	23,382	378,276	-
1907	188	34,060	520,142	-
1908	76	26,071	703,571	-
1909	90	18.114	880,663	-
1910	101	22,203	731,324	-
1911	100	29,185	1,821,084	-
1912	181	42,860	1,135,787	-
1913	152	40,519	1,036,254	-
1914	63	9,717	490,850	-
1915	63	11,395	95,042	-
1916	120	26,538	236,814	-
1917	160	50,255	1,123,515	-
1918	230	79,743	647,942	-
1919	336	148,915	3,400,942	0.60
1920	322	60,327	799,524	0.14
1921	168	28,257	1,048,914	0.22
1922	104	43,775	1,528,661	0.32
1923	86	34,261	671,750	0.13
1924	70	34,310	1,295,054	0.26
1925	87	28,949	1,193,281	0.23
1926	77	23,834	266,601	0.05
1927	74	22,299	152,570	0.03
1928	98	17,581	224,212	0.04
1929	90	12,946	152,080	0.02
1930	67	12,768	91,797	0.01

Table 9.17 (continued)

Year	No. of disputes	No. of workers involved	No. of days lost	% of estimated working time
1931	88	10,738	204,238	0.04
1932	116	23,390	255,000	0.05
1933	125	26,558	317,547	0.07
1934	191	45,800	574,519	0.11
1935	120	33,269	288,703	0.05
1936	156	34,812	276,997	0.05
1937	278	71,905	886,393	0.15
1938	147	20,395	148,678	0.02
1939	122	41,038	224,588	0.04
1940	168	60,619	266,318	0.04
1941	231	87,091	433,914	0.06
1942	354	113,916	450,202	0.05
1943	402	218,404	1,041,198	0.12
1944	199	75,290	490,139	0.06
1945	197	96,068	1,457,420	0.19
1946	226	138,914	4,515,030	0.54
1947	234	103,370	2,366,340	0.27
1948	154	43,820	885,790	0.10
1949	135	46,867	1,036,820	0.11
1950	160	192,500	1,387,500	0.15
1951	258	102,793	901,620	0.09
1952	219	112,273	2,765,510	0.29
1953	173	54,488	1,312,720	0.14
1954	173	56,630	1,430,300	0.15
1955	159	60,090	1,875,400	0.19
1956	229	88,680	1,246,000	0.11
1957	245	80,695	1,477,100	0.13
1958	259	111,475	2,816,850	0.25
1959	216	95,120	2,226,890	0.19
1960	274	49,408	738,700	0.06

Table 9.17 (continued)

Year	No. of disputes	No. of workers involved	No. of days lost	% of estimated working time
1961	287	97,959	1,335,080	0.11
1962	311	74,332	1,417,900	0.11
1963	332	83,428	917,140	0.07
1954	343	100,535	1,580,550	0.11
1965	501	171,870	2,349,870	0.17
1966	617	411,459	5,178,170	0.34
1967	522	252,018	3,974,760	0.25
1968	582	223,562	5,082,732	0.32
1969	595	306,799	7,751,880	0.46
1970	542	261,706	6,539,560	0.39
1971	569	239,631	2,866,590	0.16
1972	598	706,474	7,753,530	0.43
1973	724	348,470	5,776,080	0.30
1974	1,218	580,912	9,221,890	0.46
1975	1,171	506,443	10,908,810	0.53
1976	1,039	1,570,940	11,609,890	0.55
1977	803	217,557	3,307,880	0.15

Source: Canada, Department of Labour, Strikes and Lockouts in Canada, 1977, Catalogue L2-1/1977.

class struggle. However, one must be careful to note that organizational activity, understood in a broad sense, and the growth of trade union strength is not necessarily reflected in membership figures. Such figures, especially when they do not distinguish between employed and unemployed members and between the 'signings' of new individual members and those covered by collective agreements negotiated by the union involved, are often conditional on the level of employment. For instance, since activities like organizing the unemployed, as during the Great Depression, do not find their way into membership figures one might conclude (wrongly) that trade union organizational activity declined because membership figures fell sharply in the early years of the depression.[50] On the other hand, conditions of high employment, which are more favorable to higher membership figures do not always coincide with intensified union organizational activity. As ever, both qualitative and quantitative factors must be taken into account, although growth of union membership, especially in conditions of high unemployment, viewed with care, can be taken as another rough indication of the level of working class combativeness and the balance of forces between capital and wage-labour.

In Alberta, trade union organization followed not far behind the expansion of capitalist industry. The roots of the labour movement were found in three main areas: coal mining, railways, and construction. By the time of provincial status several key union locals had been organized and the first municipal labour councils were appearing. In Calgary, a Trades and Labour Council was organized in the early 1900s, and, in Edmonton, the Edmonton and District Labour Council held its first official meeting in 1906. The Alberta Federation of Labour was formed at Lethbridge in 1912. The growth of membership was most rapid in the decade preceding World War I. A peak membership of 11,572 (in 171 locals) was reached in 1913, but this fell rapidly to 7,618 (in 149 locals) in the first year of the war.[51] There was an upsurge in membership during the late 1910s, but the post-war depression and the decline in mining cut into these gains made during the first general crisis and they were further eroded with the outbreak of the Great Depression. Another major upsurge in union membership took place in the later 1930s and the 1940s, which reached a peak in the late 1940s during the second general crisis. There was only slow growth and even some declines during the 1950s and early 1960s, but another period of expansion began in the later 1960s.

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[50] M. Urquhart and K. Buckley, Historical Statistics of Canada, p. 105; Canada, Department of Labour, Labour Organization in Canada, 1976-1977, Table 1.

Table 9.18 gives labour union membership for Canada and Alberta, including the proportion of membership in international and Canadian unions for selected years covering this last expansion period. In the fifteen year period from 1962 to 1977 total labour union membership in Alberta has more than doubled, a rate much higher than for Canada as a whole. A distinguishing feature of trade union organization in Alberta has been the relatively low proportion of Canadian unions outside government employ. Given the stronger collaborationist history among government employee organizations and the tighter restrictions on political activity, this has strengthened the position of international unions in Alberta, especially since the 1940s. Nonetheless, contrary to certain mythology, not only has the working class in Alberta been growing rapidly, working class organization has been growing even more rapidly.

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[51] John Blue, op. cit., pp. 391, 392.

Table 9.18

Alberta and Canadian Labour Union Membership for Selected Years, 1962-1977

		1962	1970	1976	1977	Percentage growth 1962-77
Canada						
(1)	Total					
	No. of members	1,514,905	2,267,526	2,778,722	2,822,044	86.3
	No. of locals	-	10,099	11,697	12,171	
(2)	International unions					
	No. of members	1,011,676	1,383,181	1,514,793	1,513,901	49.6
	% of (1)	66.8	61.0	54.5	53.6	
(3)	Canadian unions					
	No. of unions	324,050	622,864	829,568	860,384	165.5
	% of (1)	21.4	27.5	29.9	30.5	
(4)	Gov't employees organizations					
	No. of members	179,179	261,481	434,411	447,759	149.9
	% of (1)	11.6	11.5	15.6	15.9	
Alberta						
(5)	Total					
	No. of members	78,034	125,079	180,172	179,373	129.9
	No. of locals	-	587	648	662	
	% of (1)	5.2				
(6)	International unions					
	No. of members	49,034	68,921	92,129	94,577	92.9
	% of (5) % of (2)	62.8	55.1	51.1	52.7	
(7)	Canadian unions					
	No. of members	11,117	27,104	39,006	32,867	195.6
	% of (5) % of (3)	14.2	21.7	21.6	18.3	
(8)	Gov't employees organizations					
	No. of members	17,883	29,054	49,037	51,929	190.4
	% of (5) % of (4)	22.9	23.2	27.2	29.0	

Source: Canada, Statistics Canada, Corporation and Labour Unions Returns Act, Catalogue 71-202, Part II, 1970 and 1977 (Supplements).

Historically, labour union organization has usually appeared as a defensive, collective response to heightened exploitation or its symptoms, for example, in money or real wage cuts, speed-up, more accidents, etc.. But the effectiveness of the response--and the final outcome of the engagement of class forces--is determined by a variety of factors. We have here emphasized certain economic factors, particularly conditions in the 'labour market' as determined by the general law of capitalist accumulation; but political factors are closely related and no less important, which is increasingly apparent in the degree to which the state has been used directly as an aid to capitalist power. The terrain on which wage-labour faces capital has been more or less adverse, as measured narrowly by 'labour market conditions'. But strikes and other class engagements have been won even during extremely adverse conditions on the basis of wage-labour's cardinal source of strength--its capacity for unity of action. Thus, the phenomenon of class solidarity, which is capable of superceding the 'labour market', and which ultimately sets limits to the very existence of capitalism, cannot be treated as other than both an economic and political matter.

Consequently, in estimating the correlation of forces in any particular period of capitalist development, a full assessment--in the nature of the economic system itself--requires consideration of political and, for that matter, cultural, moral, and social factors. The 'politicization' of economics and economic history is not an ulterior motive of the observer of capitalist development, but follows from the need to comprehend and evaluate the system's history in a truthful manner. This inevitable connection of economics and politics was clearly evident in the history of the working class in Alberta, as elsewhere.

Out of the rise of the working class and its struggles emerged not only the labour movement but also independent class-based political action. In its earliest years labour had generally sided with the Liberals over the Conservatives, but the Liberals' allegiance to capital over wage-labour became increasingly obvious as monopoly capitalism advanced, further accelerating social polarization. The first signs of independent political action appeared in the early 1900s. Probably the first independent labour candidate was A.D. McDonald, who ran as an Independent in Calgary in the first provincial election, held November 9, 1905. While ending in third place (353 votes) his candidacy helped defeat the Conservative R.B. Bennett (627 votes), who came in second to the Liberal, W.H. Cushing (906 votes). On a byelection held April 12, 1906, in Lethbridge, a Labour candidate, T.H. Sherman, polled more than twice the votes of the Conservative (463 votes to 231) to come in second to the Liberal (543 votes). Another byelection was held in Lethbridge in 1909 after the resignation of the Liberal member. Donald McNabb, a Labour candidate, was elected by acclamation. Although he was only a few months in office, McNabb was the first elected Labour member in Alberta's provincial or territorial history. In the March 22, 1909, general election for the Lethbridge City riding, McNabb came in third (214 votes) behind the Liberal, W.A. Buchanan (529 votes) and the Conservative, W.C. Ives (456 votes). In a byelection held at Olds on November 23rd in that same year, a Socialist candidate, Samuel M. Welch, received 112 votes against the Liberal, D.M. Marshall, who received 733 votes. During the World War I crisis, a Labour candidate was elected in the 1917 election. Four were elected in 1921, 6 in 1926, 4 in 1930, and finally, 1 in 1940.

Labour was increasingly active at the municipal level as well. Labour candidates were elected to several municipal councils and more than once the local Boards of Trade and their allied commercial press attacked labour and spread fears of "class dictatorship" (presumably, of labour not themselves). Nonetheless, business-dominated Councils were compelled to make some concessions. Significantly, despite the less democratic franchise (property qualifications, multiple voting for property owners, etc.), municipal councils were more easily subjected to organized pressure than the provincial or federal levels of the state, and had considerable trade union activity among their own employees. The City of Edmonton, for example, adopted a Civic Fair Wage Clause in 1906. For this reason also, higher levels of the state often have been inclined to take over directly various areas historically under municipal jurisdiction (such as in taxation, policing, relief, and planning) rather than provide greater indirect financial assistance or increase local revenue powers: capitalist class interests have been less threatened by removing the allocation of public resources from this "less responsible" level of government where anti-popular measures were more difficult to carry through because "the mobs are at the gates".

The role of class forces as a whole in determining the patterns of intra-state powers and jurisdictions has been considered earlier with respect to the movement towards autonomy in the North-West Territories. What distinguished the decade leading up to World War I was that the rapid rise of the working class in Alberta had created new terms and conditions in the conduct of the class struggle and for the course of capitalist development generally.

Chapter Ten

The Emergence of State-Monopoly Capitalism and the White Settler State in Alberta

> Money is like muck, not good unless it be spread.
> Francis Bacon (1612)

As occurred throughout the imperialist system, Canada saw the emergence of state-monopoly capitalism during World War I. While there had been a growing involvement of the state--at all three levels--the first general crisis of capitalism which broke out during the war constituted a qualitative change in the relationship of the state with monopoly capital.[1]

The following tables give some quantitative indications of the appearance of state-monopoly capitalism as well as its growth during the second general crisis. Table 10.1 shows the growth of federal government budgetary activity and debt. One can observe sharp escalations in both expenditures and revenues during World War I and its aftermath; between 1914 and 1919, budgeting expenditure increased by over 300 percent, bud-

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[1] In "For Bread and Peace", written in 1917, Lenin wrote that the war "has accelerated social development to an unheard-of degree. Capitalism had developed into imperialism, i.e., into monopoly capitalism, and under the influence of the war it has become state monopoly capitalism." (Collected Works, Vol. 26, p. 386.) See also the Appendix.

Table 10.1

Federal Government Budgetary Expenditures, Revenues, and Debt, for Selected Years, 1867-1976
(in millions of current dollars)

	Total budgetary expenditure[a]		Total budgetary revenue[b]		Gross national product (GNP)	Total direct and indirect debt	Total net direct debt[c]
	$ millions	% of GNP	$ millions	% of GNP			
1867	13.7	-	13.7	-		93.9	93.9
1870	18.9	4.1	19.4	4.2	459	111.4	111.4
1880	32.6	5.6	29.6	5.1	581	185.9	185.9
1890	38.9	4.8	38.6	4.8	803	259.5	259.5
1900	55.5	5.2	52.5	5.0	1,057	291.8	291.8
1910	121.6	5.4	117.9	5.3	2,235	389.2	389.2
1911	136.0	-	136.1	-	-	462.5	396.7
1912	143.1	-	168.7	-	-	460.0	370.8
1913	184.9	-	163.2	-	-	550.0	434.0
1914	246.4	-	133.0	-	-	749.7	589.4
1915	337.9	-	172.1	-	-	973.9	801.9
1916	496.7	-	232.7	-	-	1,409.7	1,236.2
1917	573.5	-	260.8	-	-	1,870.9	1,696.9
1918	695.6	-	312.9	-	-	2,638.2	2,463.9
1919	740.1	-	349.7	-	-	2,978.4	2,804.4
1920	528.9	9.6	436.9	7.9	5,529	2,954.9	2,732.0
1926	359.2	7.0	401.1	7.8	5,152	3,230.9	2,612.9
1930	441.6	7.7	357.7	6.2	5,728	3,477.1	2,522.2
1936	532.0	11.4	454.1	9.7	4,653	4,560.6	3,452.5
1938	553.1	10.5	502.1	9.5	5,278	4,788.7	3,615.6
1939	680.8	10.8	562.1	10.0	5,636	5,114.4	3,961.5

Source: M.C. Urquhart and K.A.H. Buckley, Historical Statistics of Canada, pp. 130, 141, 199-200, 202-204; Department of Finance, Economic Review, April 1979, pp. 131, 184-185.

Table 10.1 (continued)

	Total budgetary expenditures[a]		Total budgetary revenue[b]		Gross national product (GNP)	Total direct and indirect debt	Total net direct debt[c]
	$ millions	% of GNP	$ millions	% of GNP			
1940	1,249.6	18.5	872.1	12.9	6,743	6,109.0	5,003.2
1941	1,885.0	22.6	1,488.5	17.9	8,328	7,585.3	6,630.4
1942	4,387.1	42.5	2,249.5	21.8	10,327	9,622.4	8,815.3
1943	5,322.2	48.0	2,765.0	24.9	11,088	12,555.5	11,802.6
1944	5,245.6	44.3	2,687.3	22.7	11,850	15,604.8	14,913.4
1945	5,136.2	43.4	3,013.2	25.5	11,835	18,442.9	17,892.6
1946	2,634.2	23.2	3,007.9	25.4	11,850	18,276.6	17,695.0
1949	2,448.6	15.0	2,580.1	15.8	16,343	17,355.5	16,714.9
1950	2,901.2	16.1	3,112.5	17.3	18,006	17,305.2	16,690.3
1951	3,732.9	17.6	3,980.9	18.8	21,170	17,580.3	16,982.6
1952	4,337.3	18.1	4,360.8	18.2	23,995	18,181.9	17,607.7
1953	4,350.5	17.4	4,396.3	17.6	25,020	18,287.5	17,496.6
1956	4,849.0	15.9	5,106.5	16.7	30,585	19,815.1	17,769.2
1960	5,958.1	15.5	5,617.7	14.6	38,359	26,388.6	21,372.3
1966[d]	9,753	15.8	9,984	16.1	61,828	-	-
1970	15,262	17.8	15,528	18.1	85,685	-	-
1976	38,753	20.2	35,552	18.6	191,492	-	-

[a] The figures include both current and capital expenditures, but not debt retirement. They exclude all expenditures from outside the budget such as unemployment insurance, old age security, and national defense equipment account. They include gross interest and carrying charges on public debt, payments to crown corporations, payments to municipal and provincial governments.

[b] The figures exclude revenues for special funds outside the budget such as unemployment insurance and the old age security fund. They also exclude cash flows relating either to new debt or redemption of existing debt. They include both tax and non-tax revenues, such as revenues from crown corporations.

[c] For 1867 to 1960, both series on debt are, in effect, gross debt. Net direct debt excludes indirect debt such as guaranteed bonds and debentures.

[d] The series in years 1966 to 1976 are not precisely comparable to those in previous years.

getary revenue by over 260 percent, and total direct and indirect debt by over 395 percent. Between 1910 and 1920, federal expenditures and revenues as a proportion of gross national product rose from 5.4 percent and 5.3 percent respectively, to 9.6 percent and 7.9 percent. Following the war period there was a sharp decline in expenditures but only a slight decline in revenues; the total direct and indirect debt continued to grow. Nonetheless, this decline was temporary. A new 'plateau' in government budgetary activity was reached, and the pattern was again repeated in the second general crisis during the 1940s. By comparison, the Korean War (1950-52) had an impact which was relatively minor from a quantitative standpoint.

If the figures for all levels of government were available for the entire period, the changes indicated might be as much as double those for the federal government alone. However, we do have some accessible material on the Province of Alberta--Table 10.2 displays provincial government expenditures, revenues, and debt for the years from 1905 to 1972. The impact of the World War I crisis in Alberta accelerated rapidly towards the end of the war years and carried on well into the 1920s with little respite. Total provincial expenditures rose from $4.4 million in 1914 to $11.2 million in 1922 and remained about $11 million for the rest of the 1920s. Total provincial revenues rose from $4.4 million in 1914 to $9.0 million in 1920, then, after a slight fall in 1921, continued to rise steadily until 1931. Provincial debt, which was closely related to the growth--and crises--in the railways and telephone systems, also rose rapidly and continuously during the war and succeeding years, although the first major direct and indirect debts, for telephones and railway guarantees respectively, were not incurred until 1909. The early 1930s

Table 10.2

Alberta Government Revenues, Expenditures, and Debt, 1905-1972
(in millions of current dollars)

	Total revenues	Total expenditures	Surplus (+) or deficit (-)[a]	Gross funded (direct) debt	Indirect debt	
					Class I[b]	Class II[c]
1905[d]	.6	.2	+ .5	-	-	-
1906	1.4	1.3	+ .1	-	-	-
1907	1.8	1.8	0	-	-	-
1908	2.8	2.1	+ .7	-	-	-
1909	2.5	2.6	- .1	2.0	19.6	-
1910	2.0	3.7	- 1.6	2.0	19.6	-
1911	2.8	3.0	- .2	2.0	19.6	-
1922	3.2	3.4	+ .1	6.9	34.1	-
1913	4.5	4.4	+ .1	15.3	37.2	-
1914	4.4	4.4	- .1	22.8	41.6	-
1915	4.1	4.7	- .6	26.9	41.6	-
1916	4.2	5.0	- .8	29.0	41.6	-
1917	5.0	5.7	- .6	30.6	22.7	19.0
1918	6.3	7.1	- .8	31.5	22.8	19.0
1919	8.0	7.9	+ .1	34.6	20.9	22.5
1920	9.0	8.5	+ .5	42.0	25.2	22.5
1921	8.5	10.6	- 2.1	59.0	30.4	22.5
1922	9.3	11.2	- 1.9	67.4	30.7	22.5
1923	10.4	11.0	- .6	78.5	31.6	22.5
1924	10.5	11.1	- .6	78.6	28.0	22.5
1925	11.5	11.3	+ .2	81.5	25.6	22.5
1926	11.9	11.9	0	86.9	25.3	22.5

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Table 10.2 (continued)

Year	Total revenues	Total expenditures	Surplus (+) or deficit (-)[a]	Gross funded (direct) debt	Indirect debt Class I[b]	Indirect debt Class II[c]
1927[e]	12.3	12.5	- .2			
1928	3.9	3.4	+ .5	90.0	26.3	22.5
1929	15.3	13.7	+ 1.6	96.5	25.8	22.8
1930	15.8	15.4	.4	106.9	9.5	32.2
1931	15.7	18.0	- 2.3	116.8	10.6	32.2
1932	13.5	18.6	- 5.1	136.7	10.0	32.2
1933	15.4	17.5	- 2.1	140.6	9.8	32.2
1934	15.2	17.1	- 1.9	140.6	9.0	32.2
1935	15.7	17.4	- 1.7	146.0	9.0	32.2
1936	16.6	18.2	- 1.7	153.6	8.6	32.2
1937	20.7	20.7	+ .1	154.9	7.8	32.2
1938	24.1	24.1	+ 2.8	155.6	8.3	32.2
1939	24.3	21.2	+ 3.0	156.0	9.1	20.1
1940	24.4	21.9	+ 2.5	156.1	9.3	20.1
1941	24.9	20.6	+ 4.4	156.1	8.5	20.1
1942	27.2	20.0	+ 7.2	156.1	7.6	5.5
1943	28.0	21.6	+ 6.4	155.9	6.8	5.5
1944	29.8	23.1	+ 6.7	155.7	6.3	2.4
1945	31.8	26.0	+ 5.9	155.6	5.9	-
1946	40.9	29.3	+ 11.6	140.8	1.9	-
1947	42.6	31.9	+ 10.6	139.3	1.2	-
1948	57.2	40.0	+ 17.2	121.5	1.3	-
1949	70.4	45.5	+ 25.0	120.8	2.3	-

Table 10.2 (continued)

Year	Total revenues	Total expenditures	Surplus (+) or deficit (-)[a]	Gross funded (direct) debt	Indirect debt Class I[b]	Indirect debt Class II[c]
1950	99.6	53.0	+ 46.5	180.9[f]	3.2	-
1951	118.2	61.8	+ 56.3	100.6	4.1	-
1952	120.8	73.2	+ 47.6	97.7	5.9	-
1953	154.7	77.2	+ 77.5	94.8	5.0	-
1954	197.0	92.0	+ 105.0	91.8	4.7	-
1955	191.1	109.2	+ 82.0	88.7	3.8	-
1956	241.6	132.0	+ 109.6	85.5	3.4	-
1957	261.7	141.6	+ 120.1	82.2	5.4	-
1958	267.4	173.3	+ 94.1	30.2	42.4	-
1959	275.6	205.9	+ 69.6	29.2	68.3	-
1960	334.8	228.2	+ 106.7	27.3	169.7	-
1961	307.9	254.0	+ 53.9	24.2	221.8	-
1962	339.5	281.2	+ 58.3	22.1	271.7	-
1963	381.1	316.0	+ 65.1	20.1	334.2	-
1964	422.0	331.6	+ 90.4	17.8	390.2	-
1965	491.1	359.9	+ 131.9	15.8	455.2	-
1966	575.7	415.5	+ 160.2	14.2	538.0	-
1967	609.2	539.6	+ 69.6	12.6	663.3	-
1968	684.5	635.1	− 49.4	11.0	868.0	-
1969	828.4	723.1	+ 105.3	20.6	1,048.4	-

Table 10.2 (continued)

Year	Total revenues	Total expenditures	Surplus (+) or deficit (-)[a]	Gross funded (direct) debt	Indirect debt	
					Class I[b]	Class II[c]
1970	908.9	813.7	+ 95.2	37.3	1,198.0	-
1971	958.1	929.1	+ 28.9	105.3	1,374.7	-
1972	1,068.9	1,044.6	+ 24.3	207.4	1,496.8	-

[a] Figures for surplus or deficit which do not appear as the exact difference between total revenue and total expenditures are due to rounding.

[b] Class I indirect liabilities are guarantees for which the Province was solely responsible.

[c] Class II indirect liabilities represent railway bonds, payment of which had been assumed by the Canadian National and C.P.R.

[d] Figures from 1905 to 1926 are for the year ended as of December 31.

[e] Figures for 1924 are for the three months to March 31. The remaining years are also to the year ended as of March 31. Debt figures for the three months of 1927 are included in the figures for 1928.

[f] Includes 60.7 million debentures issued March 1, 1950, the proceeds of which were used to retire debentures called for redemption June 1, 1950.

Source: Alberta, Public Accounts, 1971-72, pp. 79, 81.

saw sharp increases in provincial expenditures and direct debt which were not met by commensurate increases in provincial revenues. A major fiscal crisis, probably the sharpest thus far in Alberta's history, erupted and was barely contained until the war and oil 'booms' of the 1940s.

Behind such quantitative indicators was occurring a fundamental change in the relationship of the state to monopoly capital. The Canadian state had long been involved in both ownership (such as the Intercolonial Railway) and regulation (such as the Bank Acts) of important sectors of the economy, indeed probably more so than most leading capitalist states as a result of Canada's colonial past. During World War I, there was both a qualitative as well as quantitative change in these activities. In numerous areas, the Canadian government was compelled to intervene with the direct collaboration of the monopoly sections of Canadian business in order to defend Canadian capitalism from the threats of collapse and upheaval. Some of Canada's most repressive legislation was passed during these years, such as the War Measures Act (1914), which was used to suppress labour militancy and left-wing political organizations, and the 1919 amendments to the Immigration Act which was done to permit immediate deportation (without trial or fair hearing) of any immigrants suspected of anti-government activities, particularly from the Winnipeg General Strike. Wide-ranging labour measures were adopted, including the banning of strikes, state-enforced compulsory arbitration, the first collection of unemployment statistics, and the establishment of the Dominion Employment service. Major changes in taxation were instituted, notably in the 1916 Business Profits Tax and in the 1917 Temporary Income Tax. Exchange, price and rent controls were imposed in several sectors, and regulatory boards were established such as the Board of Grain Supervisors (1917) and the

Office of the Fuel Controller (1917). Perhaps the single most revealing event was the nationalisation of the private non-C.P.R. railways to form the Canadian National Railways system.[2]

Prior to World War I, a crisis of 'overproduction' was appearing in the railways. A vast overexpansion of poorly constructed lines coupled with the depression beginning in 1912 were pushing the Grand Trunk Pacific and Canadian Northern ever closer to a bankruptcy which was being staved off only by means of vast sums of federal, provincial, and municipal government guarantees. The war situation accelerated the need for a resolution of the crisis. Fearful of the grievous consequences of a financial collapse which would have affected more than half of Canada's rail capacity, the federal Conservative government of R.B. Borden appointed the Drayton-Acworth Commission in 1916.[3] The federal government took over the Canadian

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[2] For some relatively brief though theoretically limited descriptions of the Canadian economy and state in World War I see, for example: Robert Craig Brown and Ramsay Cook, Canada, 1896-1921: A Nation Transformed, Toronto: McClelland and Stewart, 1974, especially Chapter 12; J.A. Corry, The Growth of Government Activities Since Confederation, Ottawa: King's Printer, 1939; Robert Cuff, "Organizing for War: Canada and the United States During World War I", Canadian Historical Association, Report, 1969, pp. 141-156; J.J. Deutsch, "War Finance and the Canadian Economy, 1914-1920", Canadian Journal of Economics and Political Science, 1940, pp. 525-542. A recent and more interesting study is Tom Traves, The State and Enterprise: Canadian Manufacturers and the Federal Government, 1917-1931, Toronto, Buffalo and London: University of Toronto Press, 1979. Two articles of special relevance to the wheat staple and the Prairies are Mitchell W. Sharp, "Allied Wheat Buying in Relationship to Canadian Marketing Policy, 1914-18", Canadian Journal of Economics and Political Science, 1940, pp. 372-389; John H. Thompson, "'Permanently Wasteful but Immediately Profitable': Prairie Agriculture and the Great War", Canadian Historical Association, Historical Papers, 1976, pp. 193-206.

[3] For a brief description of the Commission and subsequent developments see W.T. Easterbrook and H.G.J. Aitken, Canadian Economic History, pp. 441-444. The memoirs of the Prime Minister R.L. Borden reveal some interesting points on the nationalization: Henry Borden (ed.), Robert Laird Borden: His Memoirs, Toronto: Macmillan Company of Canada, 1938, especially Vol. 2, Chapter XXVII.

Northern in 1917, the Grand Trunk Pacific in 1919, and the Grand Trunk in 1920. These lines together with the Intercolonial and some smaller non-C.P.R. lines were amalgamated into the Canadian National Railways Company, which was incorporated formally in 1919, although unified operation did not begin until January, 1923.

During the 1920s, after a period of 'truce', a major rivalry broke out between the Canadian National and C.P.R. systems which led to another crisis of 'overproduction' by 1931.

> . . . the tempo of capital expenditure went on rising until by 1929 such an extraordinary condition had been reached in the national mind that in that year . . . Parliament approved expenditures for 1929-30 which amounted to well over $200 millions. And of this amount not less than about $114 millions was expended in cash. In other words, . . . Parliament voted enough to build another completed National Transcontinental Railway and another Hudson Bay Railway. It is almost incredible. . . .
>
> But such hysteria cannot last indefinitely. The decline in wheat shipments of 1929, the stock market crash in that year, and the gradual anaethesia spreading through the economic arteries of the western world--all these sharply reduced traffic and earnings.[4]

The Duff Royal Commission was appointed in 1931 and reported in 1932. The essence of the report, which led to the Canadian National-Canadian Pacific Act (1933), was "to substitute co-operation (enforced if need by) between the two railways in place of the previous uncontrolled competition."[5] However, the Commission "definitely rejected unification or amalgamation", which was advocated by many sectors of labour and farmers.

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[4] Leslie R. Thomson, The Canadian Railway Problem, p. 145. Thomson's book contains one of the best expositions of the history background to the twentieth century railway crises (Chapter III).

[5] Ibid., p. 146.

This was the 'logic' of state-monopoly capitalism and it was reflected on a smaller scale in Alberta. During the pre-World War I years of railway over-extension the Alberta state was actively involved not only in supporting the federally-chartered lines, particularly the Canadian Northern and Grand Trunk Pacific, but chartering and supporting Alberta lines. Some indication of the growth and distribution of railways in Alberta is provided in Table 10.3. In particular, one can observe that in the decade 1905 to 1915 about 3,363 miles were constructed prior to the major crisis of 1916-17, which was followed by relatively little construction. About 100 miles of Alberta construction occurred in the early 1920s, but the next main burst of activity appeared after 1923. Over 930 additional miles were constructed by the time of the 1931 crisis. Virtually all railway construction in Canada during the latter 1920s was located in western Canada.

The provincial lines were the Edmonton Dunvegan and British Columbia (E.D.B.C.), the Alberta and Great Waterways (A.G.W.), and the Central Canada (C.C.). The railways had been built and operated largely by the J.D. McArthur Company of Winnipeg until 1920. However, their overextension and the ensuing war crisis pushed the lines towards bankruptcy so that by 1920 the provincial government felt compelled to move in directly. That year the government entered into a five-year operating agreement with the C.P.R. to operate the E.D.B.C. and the C.C., but decided to operate the A.G.W. directly as a government line.[6] Although the provincial government attempted to sell off the lines, it was unable to obtain politically acceptable terms, and so took over direct operation of all the lines in 1926.

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[6] Northern Alberta Railways, "A Brief History of the Northern Alberta Railways Company", pamphlet, n.d., p. 2.

Table 10.3

Railway Mileage in Alberta, 1905-1947

Year	Miles	Year	Miles	Year	Miles	Years	Miles
1905	1,060	1916	4,557	1927	5,186	1938	5,792
1906	1,239	1917	4,505	1928	5,342	1939	5,819
1907	1,326	1918	4,519	1929	5,568	1940	5,819
1908	1,366	1919	4,650	1930	5,583	1941	5,823
1909	1,505	1920	4,696	1931	5,709	1942	5,818
1910	1,782	1921	4,789	1932	5,730	1943	5,818
1911	2,100	1922	4,778	1933	5,742	1944	5,818
1912	3,055	1923	4,778	1934	5,740	1945	5,820
1913	3,647	1924	4,822	1935	5,789	1946	5,820
1914	4,097	1925	5,004	1936	5,785	1947	5,828[a]
1915	4,423	1926	5,061	1937	5,792		

[a] In 1947, the ownership of railway mileage was as follows: Canadian Pacific, 2,680 (46.0 percent); Canadian National, 2,225 (38.2 percent); Northern Alberta, 923 (15.8 percent). The C.P.R. mileage includes the 72 miles of the Lacombe and North Western Railway, formerly the Blindman Valley Railway. The Canadian National mileage includes the mileage of the G.T.P. which was 707 miles at its maximum but reduced to 611 miles by amalgamation in 1928: E.D.B.C., 423 miles; A.G.W., 286 miles; C.C., 98 miles; Pembina Valley, 26 miles. Since 1929, the N.A.R. has conconstructed an additional 90 miles.

Source: Bureau of Statistics, *Alberta Facts and Figures*, 1950, p. 309.

During the expansion of the 1920s, the Alberta government again became active in railway development. All three of the above lines had small extensions built and, in 1926, the government authorized the construction of the Pembina Valley Railway which ran from Busby on the E.D.B.C. line to Barrhead. During the late 1920s, the Brownlee administration of the U.F.A. government capitulated to the pressures of the C.P.R.. In 1928, the Lacombe and Northwestern Railway was sold to the C.P.R. for about $2 million. In 1929, arrangements were undertaken to transfer the remaining and strategically more important government railways, the E.D.B.C., the A.G.W., and the C.C.. On January 29, the Northern Alberta Railways (N.A.R.) was incorporated, with head offices in Edmonton, as a vehicle to amalgamate the three lines in a separate company owned jointly (with fifty percent shares) by the C.P.R. and C.N.R.. The transfer was completed on July 30, 1929, for which the province received $25 million. The sale was touted as a wise decision for the Brownlee administration; however, the transfer also completed monopoly capitalist domination of railways in Alberta.

The relationship of monopoly capital and the state under state-monopoly capitalism was exemplified in railway development, although similar patterns have been evident in other sectors as well. Furthermore, financial guarantees and "bail outs" were only one form of the state-monopoly collaboration. In the railway sector, for instance, equally significant was the use of the state on behalf of capital in 'labour relations' in the railways, which was accelerated during World War I to include bans on strikes backed up by severe penalties and compulsory arbitration.[7] Thus, in a variety of forms and situations, the state in Canada facilitated the expansion, stabilization, and consolidation of monopoly capital, including at the provincial level.

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[7] See the Labour Gazette, November 1918.

Building the Settler State

Since Alberta moved from territorial to provincial status, officially on September 1, 1905, the government has been dominated by varying alignments of political-economic forces through four political parties and ten administrations:[8]

Parties	Premiers	General Elections
1) Liberal Party (1905-1921)	Alexander C. Rutherford (Sept.2, 1905-May 26, 1910)	Nov. 9, 1905 Mar.22, 1909
	Arthur L. Sifton (May 26, 1910-Oct.30, 1917)	Apr.17, 1913 June 7, 1917
	Charles Stewart (Oct.30, 1917-Aug.13, 1921)	
2) United Farmers Of Alberta (1921-1935)	Herbert Greenfield (Aug.13, 1921-Nov.23, 1925)	July 18, 1921
	John E. Brownlee (Nov.23, 1925-July 10, 1934)	June 28, 1926 June 19, 1930
	Richard G. Reid (July 20, 1934-Sept.3, 1935)	
3) Social Credit Party (1935-1971)	William Aberhart (Sept.3, 1935-May 23, 1943)	Aug. 22, 1935 Mar. 21, 1940
	Ernest C. Manning (May 23, 1943-Dec.12, 1968)	Aug. 8, 1944 Aug. 17, 1948 Aug. 5, 1952 June 29, 1955 June 18, 1959 June 17, 1963 May 23, 1967
	Harry E. Strom (Dec.12, 1968-Sept.10, 1971)	

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Parties	Premiers	General Elections
4) Progressive Conservative Party (1971 -	E. Peter Lougheed (Sept. 10, 1971 -	Aug. 30, 1971 Mar. 26, 1975 Mar. 14, 1979

The successive governments captured parliamentary power with decisive legislative majorities and maintained their positions for relatively extended periods. However, each party came to an end (1921, 1935, and 1971) following a time of sharpened capitalist crisis, under undistinguished and generally conservative leadership, when mass opinion was seeking more popular, if not radical, changes.

The dominant and often shifting socio-economic forces in the province have been closely reflected in its governments. The Liberal governments represented a weak but developing Alberta-based section of the Canadian business class and had considerable support in its early years from farmers and, to a much lesser extent, from labour. But the business interests with whom the Liberals were allied were less tightly tied to central Canadian capital than the Calgary-centered Tories and more open to U.S. capital. Following the First World War and its aftermath, which led to increased class differentiation and political radicalism, a movement among farmers broke with the Liberals and pushed the United Farmers of Alberta into power in 1921. The United Farmers of Alberta (U.F.A.) was based mainly on farmer support with some labour support, especially in its early years; however, its essentially heterogeneous petit bourgeois and bourgeois leadership moved into increasingly conservative positions and alignments as economic crisis deepened. The class polarisation caused by the Great Depression led to a cleavage in the U.F.A. between a radicalized petit bourgois ("populist") formation, which became part of the Social Credit movement, and a less defined "socialist"-oriented or, more accurately, social democratic formation which later became part of the Cooperative Commonwealth Federation (C.C.F.). In 1935, the Social Credit Party swept to power, ushering in a few years of unparalled turbulence and vacillation in government direction. In its early, more radical phase, Social Credit developed as a mainly petit bourgeois grouping; however, with the accession to power of the Manning administration by 1943, the Social Credit government became aligned increasingly with U.S. monopoly capital and shifted strongly to the right, especially during the years of the U.S.-led Cold War. During the 1940s and 1950s, the old, established business groupings in the province, which had been weakened seriously during the depression, regained some of their initiative and, in the wake of massive oil and gas development, new capitalist groupings were spawned. During the 1960s, stronger pressures emerged from these groups for a more urban, industrial, and "provincialist" orientation, culminating in 1971 with the election of the Conservatives. The Conservatives represented a more aggressive, higher-level section of Alberta capital, with ties to U.S. and central Canadian capital, but chafing to advance their own independent position against central Canadian capital and, to a lesser extent, U.S. capital.

In highlighting some major trends in the evolution of the Alberta state it is useful to begin with a brief analysis of the composition of key legislatures.

a) Composition. The first Alberta legislature, elected on November 9, 1905, began the long series of "business" legislatures which have dominated the province's development. Of the total of 25 members, there were at least 12 merchants, 5 lawyers, a manufacturer, a financier, a livery stable proprietor, 2 doctors, and 3 farmers with interests in stockraising. Most members of the legislature had a diversity of entrepreneurial interests. Although only one M.L.A. considered himself primarily a real estate agent, several were active in land dealings and many had substantial holdings. At least eight members--about one-third of the legislature--had significant interests in selling or producing lumber. Another sector of importance was stockraising and farming, although in farming it was a small and exceptional minority of the rural population who were able to break out of heavy indebtedness, expand their farms, and diversify their holdings to the point that they were able to establish for themselves a secure local base for major capital accumulation.

The first legislature was quintessentially a colonist legislature. Fully 17 out of the 25 members were born in Ontario, two were born in Quebec (Anglophone), one in New Brunswick, one in England, one in Ireland, one in Utah, and two in continental Europe. Members were overwhelmingly Anglo-Saxon, and several prided themselves in their "United Empire Loyalist" and upper class family background. However, the first legislatu[illegible] was also less established and much less economically powerful than the Dominion parliament or its Ontario or Quebec counterparts.

The first cabinet had five members, one of whom was "elevated" to the Senate within a few months of his appointment as Minister Without Portfolio. Alexander C. Rutherford, the Premier, Provincial Treasurer and Education Minister, headed the leading Strathcona law firm whose clients included the Alberta Grain Co.. Among his personal interests were the Vogel Meat and Packing Co., the Great Western Garment Company, the Star Mining Co., the North-West Mortgage Co., the North-West Gas and Oil Co., and the Bulletin Co.. The Minister of Public Works, W.H. Cushing, was one of the most important lumber manufacturers in Calgary, and was involved in several other businesses, including the Calgary Natural Gas Co. and the Calgary Lime and Cement Co.. The Provincial Secretary and Agriculture Minister, W.T. Finlay, was a lumber merchant, with interests in the Medicine Hat Printing and Publishing Co. and the Medicine Hat Ranch Co.. The Attorney-General, C.W. Cross, was an Edmonton lawyer, with interests in the Edmonton Iron Works, Edmonton Trust Co., and Le Courrier de l'Ouest Publishing Co.. Like this first cabinet, the business interests of other early Alberta cabinets tended to be locally or regionally based.

Splits soon emerged as to the pace of development and the position of the provincial government in relations between local-provincial capital and central Canadian (and other outside) capital. In general, on one side was a more independent, "liberal", locally-based grouping which was relatively more aggressive in defense of local-provincial interests and in the direct use of the state to promote its accumulation. These business interests pushed for a faster pace of development which would rapidly expand their own local markets and strengthen their position "early on the scene" against later arrivals and outside competitors. On the other side was a grouping with interests more closely allied with outside capital who viewed their position within the strategic objectives of Anglo-Canadian imperialism. Those business interests were for a less independently-led and hurried pace of development, and for maintaining a stronger allegiance to the policies of central Canadian capital and the Dominion government. Thus, the latter grouping acted more as guardians (and benefactors) of ruling Dominion and Imperial interests than as representatives of particular locally or regionally centered business interests.

The United Farmers of Alberta, elected in the summer of 1921, appeared as a movement of the "pioneer farmer", but one distinctly white, Anglo-Saxon, and Protestant. While the Liberals were based mainly in the business and professional strata of the growing urban settlements in Alberta, the U.F.A. was based mainly in rural areas among farmers, including their upper strata, and certain professionals. Of the 59 members of the legislature following the election, at least 35 were farmers (of which 31 were U.F.A., 2 were Independents, and 2 were Liberals). Of the 31 U.F.A. farmers, who constituted not only most of the 39 U.F.A. members, but also an absolute majority of the legislature, a majority (18) were immigrants from Britain and Ireland (9), and from the U.S. (9). Only one immigrant was born elsewhere, in the Ukraine. Of the Canadian-born, most came from Ontario; only two appeared to be of French Canadian background. Most U.F.A. members had arrived in Canada and settled in Alberta between 1900 and 1910, but two senior leaders, Premier Greenfield and Agriculture Minister Hoadley had arrived as early as 1892 and 1889 respectively. The U.F.A. members were generally more established and better off than the average farmer, and several were engaged in other activities, such as livestock breeding and small commercial business. With few exceptions they were strongly Protestant, including a significant group of Irish Protestant background; denominationally, they were overwhelmingly Presbyterian, and to a lesser extent, Methodist. With respect to education, many U.F.A. farm members had secondary and even post-secondary education.

Despite its theories of "group democracy" and its sometimes radical reform rhetoric, the U.F.A. governments were committed in practice to accepting the framework of capitalist private property relations. However, the U.F.A. movement was by no means homogeneous, especially as many key members were not working farmers but urban professionals. As well, the U.F.A. was the first and only Alberta government to date which had a labour representative in its cabinet.[9] Considerable differentiation occurred in Alberta between larger and smaller farmers, and sharply, in relations towards wage earners and the labour movement. The anti-labour position in the U.F.A. was reflected in Premier Greenfield's statement that "The allies against the farmer are high freights, labour, machinery and money . . . ."[10] In part, this can be explained by the role of farm labour during these years and the fact that the emerging debates on farm labour conditions and organization constituted a threat to a significant section of farmers hiring labour, some of whom were in the U.F.A. membership. The rightward drift of the U.F.A. cabinet leadership and the growing political-economic differentiation in the U.F.A. led to deep cleavages and "immobilism" over the general political direction of the U.F.A.. Many differences had existed in the U.F.A. from its beginning, but when the Great Depression arrived, the conflicts were exacerbated. The U.F.A. was pushed aside and replaced by another essentially heterogeneous "petit bourgeois" movement, although one less social democratic in ideology--Social Credit.

In the summer general election of 1935, the Social Credit Party demolished the U.F.A. by winning 56 of the 63 seats then in the legislature. With respect to composition, the Social Credit representation had many more middle-level professionals and merchants than did the U.F.A.. No less than 12 Social Credit members of the legislature were teachers and 5 were clergymen. Several of the former were principals, and many in both groups were involved in other remunerative activities such as selling insurance and farming. As well, there were four lawyers, two engineers and doctors, and one chiropractor, dentist, and druggist. Approximately 10 members were primarily merchant-businessmen and several others had side interests in commerce. Taken together with the relatively lower representation of farmers in Social Credit than in the U.F.A., it is significant that such a high proportion of Social Credit representatives were engaged in non-productive and service activities--highly vulnerable, dependent, and "squeezed" middle strata of the population. Of the Social Credit members, a little over half were born in Canada. About 20 were born in Ontario, but there was a small group of five who were Alberta-born. The foreign-born were about evenly divided between the U.K. and the U.S., with one each from Denmark and British India. Like the U.F.A., Social Credit representation was overwhelmingly Protestant although with a stronger fundamentalist strain. The largest single denomination was the United Church[11] followed by the Baptists, Presbyterians, and Mormons.

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[9] Alex Ross,

[10] Hon. H. Greenfield, Budget Speech, 1922, Edmonton: Alberta Department of Treasury.

The first few years saw the introduction of several "radical" measures which were potential threats to central Canadian banking and finance, and which launched the most serious challenge to the Dominion Government and federal state structure that was ever to issue from Alberta. However, after a turbulent period of vacillation and compromise on its most anti-monopoly measures, climaxing with the 1937 backbench "insurgency", there was a period of backtracking and the seeking of "respectibility" among previously reviled big business interests. With the elevating of Ernest Manning to the premier-ship following Aberhart's death in 1943, Social Credit took an even sharper turn to the right. It soon became another small "c" conservative party, although one with a stronger "provincialist" as opposed to Anglo-Canadian "imperialist" orientation than the existing Conservative Party. The political shift corresponded with the influx of U.S. capital during World War II, in oil exploration and development, air transport, the Canol project, and the Alaska Highway. The Social Credit leadership, both as a government and personally,[12] became increasingly tied to these interests. Crucial decisions in the late 1940s and early 1950s involving oil and gas export, pipelines, public ownership, leasing and royalties policy, and industrial development policy expanded the power of U.S. monopoly capital in Alberta and generally subordinated economic development in the province to its aggressive leadership. These major changes in the direction of development in Alberta met some resistance inside the legislature from the Liberals and C.C.F., as well as among sections of the general population. But Manning Social Credit relied effectively on Cold War ideology inspired by U.S. military-industrial interests[13] coupled with its own now-respectable populist rhetoric as a cover for the lurch to 'continentalism'--capitalist integration with the U.S.

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[11] Formed in 1925, The United Church combined mainly the Methodists, Congregationalists, and part of the Presbyterians.

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[12] See, for example, the report and evidence (if still secure) of two commissions of enquiry: Alberta, Royal Commission to Investigate the Conduct of the Business of Government ("Macdonald/Mahaffy" Commission), 1955-56; Alberta, Royal Commission Respecting the Use or Attempted Use by the Honorable Alfred J. Hooke of His Office as a Member of the Executive Council of Alberta, and the Use or Attempted Use by Edgar W. Hinman of His Office as a Member of the Executive Council of Alberta ("Kirby" Commission), 1967-1968. The former contains some consideration of Premier Ernest Manning's holdings.

[13] The oil industry was especially prominent in the "military-industrial complex and the drive to create a 'Fortress North America'". There were numerous direct and indirect oil company ties. For instance, John Foster Dulles, the U.S. Secretary of State during the 1950s, was Chairman of the Board of Trustees of the Rockefeller Foundation, a director of the International Nickel Company of Canada, and a member of the Wall Street law firm of Sullivan and Cromwell, who represented, among other large corporations, Standard Oil of New Jersey, the parent company of Imperial Oil. For further discussion see, for example, David Horowitz (ed.), Corporations and the Cold War, New York: Monthly Review Press, 1970.

The success of the Conservatives in the general election of August 1971 marked the rise to power of a different group of business interests which had substantial roots in the traditional Anglo-Canadian ruling class. However, they had developed some independence as a result of their own history of capital accumulation in the province, especially the wealth amassed in the wake of the post-World War II natural resource boom and close relations with U.S. capital.[14] In composition, the Conservative representation was more urban, educated, and wealthier than the previous Social Credit representation. Of the 45 Conservative members in the 75-seat legislature, the overwhelmingly largest group were businessmen and lawywers. Many of the lawyers had substantial corporate involvements, and comprised well over half the Tory representation. Other professionals, mostly with consulting or business interests, were the next largest group. Less than ten members were primarily farmers or had significant interests in farming. With respect to birthplace, the highest proportion of any Alberta government--about two-thirds--were born in Alberta (typically in the inter-War years), and of the remainder, all but two were born in other parts of Canada. Significantly, Saskatchewan rather than Ontario was in first place among those members born in the other Canadian provinces. With respect to religion, once again there was a strongly Protestant character, although the presence of no less than seven Catholics was a marked contrast with previous Conservative representations. The largest denominations reported were the United Church, followed by the Anglican Church. However, reports on religious affiliation are of decreasing significance as general sociological evidence tends to indicate that religious affiliation plays a less pronounced role in politico-economic stratification than in earlier decades of the century.

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[14] Some features of the emergence of this capitalist grouping have been observed by Larry Pratt. See, in particular, "The State and Province-Building: Alberta's Development Strategy", in Leo Panitch (ed.), The Canadian State, pp. 145-146.

There were important differences in the Conservative government between the cabinet and "backbenchers". The cabinet members, particularly its "inner circle", were more urban and educated, and had more substantial business interests than the politically subordinate backbenchers. Virtually every cabinet member was a professional and/or businessman; however, unlike previous Alberta administrations, the cabinet had a significant number of members who had worked in senior positions in big business.[15] The proportion of the cabinet born in the prairies was only slightly higher than that among backbenchers (but interestingly, in terms of religion, the cabinet was over one third Anglican, with a somewhat smaller United Church affiliation and a disproportionately low number of Catholics--typical of the 'old' Conservative Party).

b) General Strategies. As the socio-economic composition of the provincial governments since 1905 have undergone considerable changes without losing their essentially capitalist character, so also has government policy with respect to the role of state development and intervention.

The general strategy of the Liberal government--and an underlying theme of succeeding governments--was to use the provincial state to promote and organize capitalist development in Alberta and thereby raise up a substantial business class in the province. The Liberals emphasized the growth of settlement and primary production, and the massive extension of infrastructure. Under three successive Liberal administrations, provincial public expenditures on infrastructure mushroomed, most visibly in the area of telephones, railways, highways, and irrigation.

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[15] Much writing, usually of limited critical depth, is beginning to appear on the background and corporate connections of the Lougheed administration. An early brief treatment of the "patio group" is in Peter C. Newman, The Canadian Establishment, Toronto: Seal Books (first edition, 1975), Vol. I, especially pp. 252-253.

The most important direct intervention was in the establishing of the first provincial public telephone utility, Alberta Government Telephones.[15] As a result of high private rates and the unwillingness of the private utilities to extend unprofitable lines into remote and scarcely populated areas, the province authorized municipalities to establish their own telephone systems, built its own trunk lines, and purchased the Bell Telephone Company by 1908. In 1907, during what was then a wave of business and general popular support for publicly-owned utilities, the Minister of Public Works, W.H. Cushing, also a leading Calgary businessman, attacked Bell and argued that "the only way to regulate such a monopoly is to enter into competition and ensure low rates and proper service."[16]

The more typical form of state intervention, however, was through the process of public guarantees of the debt of private enterprises, notably in railways. In the very first legislative session the provincial government began chartering railway promotions and, in 1907, it gave itself the authority to acquire any railway under provincial jurisdicition. But in

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[15] For further material on early telephone development see J. Earle Williams, "Origin and Development of Public Telephones in Alberta", Alberta Historical Review, Vol. 11, No. 2, Spring 1963, p. 8; Tony Cashman, Singing Wires: The Telephone in Alberta.

[16] Archibald O. McRae, History of the Province of Alberta, Vol. I, p. 461. Bell Telephone was chartered by the Dominion government in 1880.

1909, the Liberals proposed their major railway policy: provincial government guarantees of the private debt on branch lines of the Canadian Northern and Grand Trunk Pacific, and on the Alberta and Great Waterways (A.G.W.) railway--but not on C.P.R. lines. This policy created the first major indirect liability (nearly $20 million) and gave rise to the most serious legislative confrontation in Alberta's first decade--the A.G.W.'controversy'.[17] Planned to connect Edmonton to the Mackenzie River system near Fort McMurray, the A.G.W. was originally a promotion of two Kansas City bankers who claimed to have a vision of a railway line from the Gulf of Mexico to the Arctic. After the 1909 election, the C.P.R.-oriented Conservatives, then including R.B. Bennett, led an attack on the Liberals allegedly to expose certain mismanagement and financial dealings which involved the Morgan banking interests of New York. The Premier, Alexander C. Rutherford, who also acted as Minister of Railways, resigned in 1910 and was replaced by the Sifton administration.

Despite some continued Conservative resistance, railway development, especially for northern Alberta, went ahead. Sifton began a new series of major guarantees in 1912, this time including the Edmonton, Dunvegan and British Columbia Railway. The 286-mile A.G.W. began construction in 1909 and was finally completed in 1922, though only after the province took over the company in 1920. The larger 423-mile Edmonton, Dunvegan and British Columbia (1912-21) was also taken over by the province in 1920, then leased out to the C.P.R..[18]

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[17] For a brief discussion on provincial government activity in railways and the A.G.W. controversy or 'scandal' as it might also be called, see John Blue, op. cit., Chapter VII. See also, Alberta, Royal Commission on the Alberta and Great Waterways Railway Company, (1910).

[18] Two of the few articles written on railways in northern Alberta are: J.W. Judge, "Early Railroading in Northern Alberta", Alberta Historical

By 1921, total provincial financial obligations had climbed to about $59 million in gross direct debt and $30.4 million in indirect liabilities (guarantees). Added to this was the losing operation of the province's big telephone utility and a series of major current budget deficits between 1914 and 1921 (with the exception of 1919 and 1920). At the same time, Alberta had comparatively low taxes, largely as a result of farmer pressure against high property taxes and the unwillingness of the Liberals to shift the incidence of taxation towards corporate interests. A 1937 report of the Bank of Canada concluded:

> To summarize, we find that the policies pursued in the ambitious and extravagant 1905-1922 period resulted in the accumulation of a heavy dead weight debt, and that no adequate effort was made to put the government and various government enterprises on a self-supporting basis, in spite of favourable opportunity presented by the general prosperity. Alberta consequently entered the following period [1922-30] under a handicap which was certain to create problems for the future, unless a determined effort was made to reduce debt.[19]

Much of the support the Liberals received during their first decade came from farmers, although the Liberal Party was by no means a farmer-led party. Farmer organization was in the process of formation, and independent political activity among farmers did not break out directly and widely until World War I.

Probably one of the first attempts in Alberta at organizing farmers began in 1902 with the formation in Edmonton of the "American Society of Equity", an Indiana-based organization. There was some resistance to

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Review, Vol. 6, No. 3, Summer 1958, p. 12; Anne B. Woywitka, "Strike at Waterways", Alberta Historical Review, Vol. 20, Autumn 1972, pp. 1-5.

[19] Bank of Canada, Report on the Provinces of Manitoba, Saskatchewan and Alberta, Ottawa, 1937, p. 10 of the Alberta report.

the Society's U.S. origin and its economic policy, which involved controlling markets through publishing price lists and withholding supply. In 1905, support emerged for the formation of a Strathcona local union of the Territorial Grain Growers' Association.

There is evidence that in Lacombe, farmer organization had appeared as early as 1899.[20] Possibly the first farmer co-operative organization, the Co-operative Purchasing Association, was formed that year, although it soon failed. In 1902, some of those still concerned with organizing formed the Lacombe Farmers Association, which was later renamed the Farmer's Association of Alberta. One of those active in the Association, Col. J.J. Gregory, ran independently in the November 1904 federal general election in the territorial constituency of Strathcona (created in 1903), but was defeated by both the Liberal and Conservative candidates.[21]

Despite an unseccessful attempt in 1905 at Lacombe to unite the Society of Equity and Alberta Farmer's Association, a successful union was eventually achieved in 1905 at Edmonton. The amalgamated organization was named the United Farmers of Alberta and, as a compromise with the Society of Equity, given the sub-title "Our Motto Equity". During these years, rapid changes were taking place in agriculture and agricultural marketing. In September 1903, for instance, Edmonton witnessed the opening of the million-dollar J.Y. Griffen Company packing plant (later taken over by Swift Canadian Ltd.). For years previous, the two farmers organizations had been pressing publicly for a government-owned and operated packing plant, something which was never realized as packing plant expansion proceeded in Alberta. However, Priestley and Swindlehurst suggest: "Perhaps the strength of the farmer organizations and the negotiations for amalgamation had some influence on the policy of the meat packers and caused them to speed up their building program."[22]

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[20] Norman F. Priestley and Edward B. Swindlehurst, Furrows, Faith and Fellowship: The History of the Farm Movement in Alberta, 1905-1966, Edmonton: Alberta Federation of Agriculture, 1967, pp. 19-20.

[21] The Liberal, Peter Talbot, a school principal and farmer, received 3,863 votes, the Conservative, O. Bush, received 1,878 votes and Gregory received 130 votes.

Official membership in the U.F.A. rose from 2,147 in 1909, to 13,391 in 1916, to 30,000 in 1920.[23] The organization received substantial grants from the provincial Department of Agriculture and small ones from the City of Calgary, as well as its members' own financial support. Influenced by the growth of the organization and its developing politicization, the Provincial Liberals adopted various positions of the farmers movement, although often in weakened form, and often as a means of co-opting the movement. For several years the U.F.A. had spoken out against private grain elevator monopolies in control of the grain trade. The Alberta Provincial government had been asked time and again since 1909 to establish a government-owned elevator system (in preference to a co-operative system). Faced with rising farmer pressure and the threat of an impending provincial election, the Liberals passed a spate of U.F.A.-proposed, farmer-sympathetic legislation. In 1913, acts relating to Co-operative Associations and the incorporation of and financial assistance to the Alberta Farmers' Co-operative Elevator Company, Limited, were passed. Significantly, the Liberals also passed a Direct Legislation Act, which was a weakened form of the democratically-motivated Initiative, Referendum, and Recall principles advocated by the

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[22] Ibid., pp. 23-24.

[23] Ibid., pp. 31, 61.

U.F.A.. The Liberals excluded recall; the others were actually used only once, on the issue of prohibition in 1915.

The Alberta Farmers' Co-operative Elevator Company grew rapidly during its four years of operation to build or own over 100 elevators. In this development it had received financial assistance and marketed its grain in Winnipeg through the agency of the Grain Growers' Grain Company, its co-operative counterpart in Manitoba.[24] In 1917, the Alberta and Manitoba Co-operative organizations amalgamated as the United Grain Growers Limited. The U.G.G. and the Saskatchewan Co-operative Elevator Company together handled up to one-third of the grain purchased on the Prairies.

The turning of the farmer movement towards co-operative organization rather than public ownership was not unique to the Liberals. Later, the U.F.A. government, despite the pleas of many of its members also pursued this course. In 1920, the federal Conservative government brought an end to the Canadian Wheat Board, the federal government agency for wheat marketing which had emerged in World War I out of the Board of Grain Supervisors. Wheat marketing thus returned to the "open market" system dominated by such farmer-criticized capitalist institutions as the Winnipeg Grain Exchange. Despite some differences in the farmer movement, there was general agreement on bringing back the Canadian Wheat Board. The federal minority Liberal government, elected late in 1921, also had pressure in Parliament from the western Progressive Party, but the Wheat Board did not materialize. Pressure was also put on the Prairie provincial governments to establish their own public systems, but through a complicated series of maneouverings, passive capitulation, and outright opposition, wheat producers were forced to turn to a second and less desired alternative, the pool system.

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[24] The Grain Growers' Grain Company began in 1906 as a farmer-owned commission agency for grain marketing, then in 1912 took over the provincially owned elevator system, which was started in 1908 but allegedly failing.

The wheat pool was a co-operative, owned by the producers, to which the farmer members voluntarily contracted the selling of their wheat. Thus, the wheat pool system as distinct from the Wheat Board allowed the corporate grain trading interests to maintain their power, perhaps subject to a greater degree of competition. In early July, 1923, the U.F.A. board of directors determined to go ahead with the formation of a voluntary contract pool, although a mandate had been given earlier at the U.F.A.'s January convention. An organizational effort was set in motion involving thousands of farmers, with enthusiasm stimulated by figures such as the well-known California lawyer, Aaron Sapiro. In about two weeks, the Alberta Co-operative Wheat Producers Limited (the Alberta Wheat Pool), as the pool was called, managed to contract with about 25,000 farmers, covering about 45 percent of the acreage of the previous year.

Unlike the Wheat Board proposal, the Alberta Wheat Pool obtained co-operation from key capitalist interests in the main problem areas of financing, handling, and sales. The Canadian Bankers' Association agreed to provide financing, supported by the guarantee of the provincial government. The U.G.G. and the privately-owned Alberta Pacific Elevator Company, who together controlled about 40 percent of the elevators in Alberta, and later, other elevator corporations, offered the use of their elevators on similar terms to those used with the Canadian Wheat Board (1919-20). Selling arrangements were made with the U.G.G., who also loaned the Pool the $10,000 necessary to obtain a seat on the Winnipeg Grain

Exchange.[25] For the 1923 crop, the Alberta Pool managed to contract 26 percent of the wheat marketed in Alberta. Although this proportion was substantial for this, the first, voluntary wheat pool in Canada (Saskatchewan and Manitoba followed in 1924), it did not seriously threaten Grain Exchange power and the "open market".

In the long-term, the defeat of public ownership and the wheat board movement helped to diffuse attacks on the provincial and federal governments and weakened the political force, especially its more radical trend, of the U.F.A.. Carl Betke concludes that it was one of the major factors in the eventual decline of the U.F.A:

> There can be no doubt that the attraction held for farmers by co-operative marketing pools dispersed their energies over a wider field of organizational interests than had been the case previously and, insofar as they were successful, the pools rendered membership in the U.F.A. less necessary. In 1924 a Livestock Pool, a Dairy Pool, and an Egg and Poultry Pool supplemented the operations of the Wheat Pool in Alberta, while the 1923 and 1924 membership in all branches of the U.F.A. sank to around 15,000.[26]

World War I, which broke out on August 14, 1914, and ended on November 11, 1918, transformed politico-economic relations in Alberta. The Liberals and Conservatives soon agreed to a party truce and at the first session unanimously passed a resolution in support of the war, pledging "the entire resources of the Province to the Empire and its Allies".[27] Despite a superficial appearance of relative tranquility in the first two years of the war legislature, major shifts in the alignments of political and economic forces were taking place outside. In the labour movement and, to a much lesser extent, the farmers movement, resistance to the war, deteriorating economic conditions, and the conduct of the federal Conservative government was building up. In the face of a polarizing economic and political situation and one steeped in Anglo-Saxon chauvinism, the trend towards more independent class-based activity accelerated, including independent political action. The accumulating contradictions came to a head in 1917 with the formation in Ottawa of the 1917 Union Government, which was a coalition of "national unity" dominated by the Conservative Party under R.B. Borden and the right-wing of the Liberal Party. Bill Irvine, the leading Alberta socialist, declared:

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[25] Harold S. Patton, Grain Growers' Cooperation in Western Canada, pp. 217-218.

[26] Carl F. Betke, "Farm Politics in an Urban Age: The Decline of the United Farmers of Alberta After 1921", in L.H. Thomas (ed.), Essays on Western History, p. 179.

[27] John Blue, op. cit., p. 136.

> The history of Canada is the record of the rise, development and supremacy of class rule. Class domination reached its peak in the Union Government, which was ostensibly formed to further our cause in war, but which in reality was nothing more than the co-operation of the plutocratic classes for the domination and exploitation of the Dominion. Always between these classes there had been, prior to 1917, some measure of rivalry. This rivalry usually found expression in the political parties; certain elements supported the Liberals to serve them, while others looked to the Conservatives. So long as there was a degree of competition among the plutocratic classes, just so long there was an element of justice in their various party administrations, but with the emergency of the Union Government the plutocratic classes combined, and every semblance of democracy vanished from Canadian public life.[28]

Given the relative weakness of the ruling class in Alberta compared to the more established provinces in English Canada, the Liberal govern-

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[28] William Irvine, The Farmers in Politics, p. 198. See also, Tim Buck, Canada and the Russian Revolution: The Impact of the World's First Socialist Revolution on Labor and Politics in Canada, Toronto: Progress Books, 1967.

ment was vulnerable to pressure from farmers, the largest single segment of the population, and the producers of a commodity vital to the prosecution of the war--wheat. Labour's political consciousness and organized strength, especially in such sectors as mining, rose even more rapidly during the war. Although the leading historian of the Alberta Liberal Party, L.G. Thomas, virtually ignores the historic role of labour, he does recognize the significance of farmer power to the post-1914 Liberal administrations:

> The rise of the United Farmers of Alberta was part of a wave of agrarian protest, strongest in the West, but national and even international in its implications. The farmers' organization could provide a focus for all the discontents the war and its conduct had engendered and intensified, and if its full force was turned against the older parties, or even if it turned its back on the older parties, the consequences were likely to be dramatic. During the war years, however, it was still wedded to the principle of indirect action; so in spite of the social and economic dislocations of the war years the Liberal party was able to maintain its shaky control over the provincial government.
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> The pressure exerted by the United Farmers of Alberta on the party in power increased, however, and explains the flood of innovating legislation that poured out of Edmonton during every wartime session.[29]

The top levels of Canadian capital and the Dominion government feared the growing polarization between "East and West", for such regional antagonisms were deepening the already emerging radicalization of labour, farmers, and returning veterans. The Canadian Reconstruction Association had as the second item in its list of objects: "To create a good economic understanding between East and West and to show the necessity for industrial stability in order that excessive taxation may not fall upon farmers and workers."[30] In 1919, the Alberta Industrial Development Association held an August congress to promote industrial development in Alberta. It was planned to encourage "Eastern factories which sell to Western markets in bulk should build branches in the West",[31] and Prime Minister Borden, C.P.R. President Edward Beatty, and the head of International Harvester, among others, were to attend. The Canadian Banker commented the "Industrial development is the most important issue now confronting Western Canada" and claimed:

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[29] L.G. Thomas, The Liberal Party in Alberta, 1905-1921, p. 156.

> Present political considerations offer every possible inducement for the attainment of a rapprochement between Eastern and Western Canada, and no greater service to the nation could be rendered than a systematic effort to inter-weave the industrial fabric in such a fashion as to ensure the perpetuation of a closely-knit and indissoluable federation.[32]

However, after the Alberta Industrial Congress the Banker seemed most impressed with the flogging of the province's natural resources, and noted the lower than hoped for attendence of Eastern manufacturers and financiers.[33]

Once pushed to power in 1921, the U.F.A. leadership pursued a general development strategy which was more restrained if not "conservative" than that of the Liberals, in the sense that the state was generally not as active in initiating programs or expanding ownership in the economy. (However, since the U.F.A. exhibited greater reluctance to use public finances as a means of expanding infrastructural development to the advantage of certain major capitalist interests, the U.F.A. should not be considered as simply another small "c" conservative party.) The change in strategy was evident in the first budget speech of the Premier, and Provincial Treasurer, Herbert Greenfield, in 1922:

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[30] "Editorial", Journal of the Canadian Bankers Association, Vol. 26, 1918-19, p. 323.

[31] Ibid., p. 322.

[32] Ibid., p. 323.

[33] "Editorial", Journal of the Canadian Bankers Association, Vol. 27, 1919-1920, pp. 16-17.

> Alberta now enters upon a new phase of its history in that we have reached the stage where we must mark time in the trend of over-expansion that has exceeded, by a considerable margin, the extreme limit of our sources of revenue. The time has arrived when we cannot view with complacency a growing Debt while our population and the resultant limitation of our taxing ability remains, more or less, stationary. That is, perhaps, the most difficult problem that this new Administration will have to deal with--how the ever-increasing demands upon the Treasury may be met without imposing new taxation upon the people of this Province; or, if any taxation must be imposed, what form it should take in order that all classes of the community shall contribute their proper share. . . . Now, whatever the ultimate solution of this problem may be, a fair beginning can be made by a ruthless cutting down of all unnecessary expenditures, elimination of waste and the rejection of demands for new services. The next step will be to postpone such proper claims as may be made on the public purse until conditions warrant the undertaking of them without burdening the taxpayer. We must be economical, not only because we believe in thrift, but because it is absolutely essential to the financial health of this Province.[34]

It is notable that the U.F.A. budget was passed without criticism or debate from the opposition in the legislature.

A major series of cutbacks were initiated, including in educational and social areas, where the U.F.A. appeared as more 'progressive' than the preceeding Liberals. Even in agriculture, the Minister responsible, George Hoadley, acted almost immediately in 1922 to eliminate provincially-owned cream-buying stations, close two demonstration farms, cut grants to agricultural fairs, and sell the government stallions. The next year the U.F.A.

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[34] The Canadian Annual Review of Public Affairs, 1922, p. 814.

government initiated further cutbacks, for example: reductions in grants to primary schools, secondary schools and the University of Alberta; discontinuation of the Normal School at Edmonton and the Summer School for teachers; closing of two agricultural schools; reduction of the staff of Public Health nurses and of funding for the care of mental patients; lowering of capital expenditures on public buildings, roads, and bridges.[35] This trend was widespread in government policy and remained the general approach taken by U.F.A. leaders even in the more prosperous years of the later 1920s.

All the major capital projects, such as railways, telephones, and highways, were continued on from the Liberal governments, but expanded less rapidly. For example, total highway mileage grew only from 59,400 in 1922 to 62,847 miles in 1935, of which about 95 percent were local and farm highways. The number of telephones in use rose from 66,581 in 1922 to a peak in 1929 of 80,273, then declined during the Great Depression to 61,179. Moreover, provincial government ownership actually declined under the U.F.A., when in the late 1920s it sold off the Lacombe and Northwestern Railway to the C.P.R. and transferred the remaining government railways to the Northern Alberta Railway Company, a company jointly owned and operated by the C.P.R. and Canadian National Railways.

The overriding financial problem faced by the U.F.A. government was its large debt load, yet few provincial measures were taken to change the province's relation with outside banking and financial interests. Despite repeated calls from the U.F.A. membership for government initiated farm debt moratoria, the formation of a provincial bank, "the nationalization of our banking and credit systems", and even outright discussion of defaulting, the U.F.A. government was unmoved. For instance, in the area of banking, the U.F.A. convention in January shortly before their 1921 election discussed "monetary reform" (with the involvement of such figures as J.W. Leedy and George Bevington) and supported nationalization:

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[35] The Canadian Annual Review of Public Affairs, 1923, p. 737.

> WHEREAS the banking system is a mystery to most of the rank and file of people and
> WHEREAS there exists a grave suspicion that the financial institutions are taking a very unjust toll of real values from the people who produce real wealth in return for fictitious values and service and
> WHEREAS it is our duty to prevent exploitation and spread education on these matters
> THEREFORE BE IT RESOLVED that this convention go on record as in favour of the nationalization of our banking and credit system.[36]

For many years farmers and small businessmen had been faced directly with the problem of obtaining loans and credit--access to capital. Many viewed the banks and related financial institutions as obstacles preventing their small farm or town enterprise (and their provincial and municipal governments) from developing to the point of secure profitability and independence. By their control of capital, the financial institutions appeared to determine to a large extent whether a struggling proprietor could "arrive". John Leedy argued that at least three things were necessary to change the financial system in relation to farmers. Firstly, capital needed to be owned locally so that local ties prevented it from being withdrawn to speculate elsewhere such as in Wall Street. Secondly, the directors of banks must live in the local area so that they will be familiar with the particular conditions and methods of farming, and thus more understanding of farmer circumstances. Thirdly, there should be unlimited lending powers, in the sense that any kind of collateral or security could be acceptable backing for loans.[37]

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[36] N.F. Priestley and E.B. Swindlehurst, op. cit., p. 187.

Soon after the 1921 election of the U.F.A., strong pressures emerged from financially distressed farmers, especially in the drought-stricken areas of southern Alberta. Demands were made for the U.F.A. government to protect farmers from foreclosure by mortgage companies or from the results of defaulting on tax payments. But the U.F.A. leadership feared alienating the mortgage and loan companies, which could jeopardize all private farm credit relations. Nor did the government itself move into the business in any significant way, a possibility which existed under the existing Farm Loan Act of 1917. In effect, the Greenfield administration accepted the main positions of the financial interests, further argued that in the view of the U.F.A. government a moratorium "should only be established as a last resort", and simply pressed for leniency from judges and creditors.[38] In 1922, the U.F.A. government acceded to a limited 'semi-moratorium' measure of a year's duration, the Drought Area Relief Act.

At the January, 1922, convention of the U.F.A., delegates called on the U.F.A. government to establish a provincial bank. The cabinet opposed such an action, although Prof. D.A. MacGibbon of the University of Alberta was appointed as a one-person Commission on Banking and Credit.[39] In the

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[37] "A Western Farmer and the Canadian Banker" (Editorial), Journal of the Canadian Bankers Association, Vol. 27, 1919-20, pp. 15-16.

[38] Carl Betke, op. cit., p. 183.

[39] Alberta, Commission on Banking and Credit with Respect to the Industry of Agriculture in the Province of Alberta (1922).

January 1923 U.F.A. convention, the request for a provincial bank was passed again--unanimously--but the cabinet remained opposed. In discussion at the U.F.A. executive committee meeting of February 1923, it was evident that Greenfield's main concern about the finances of the province was that "bond houses and those who deal in our securities are beginning to ask some very awkward questions."[40]

Not surprisingly, the MacGibbon report, when eventually released and tabled in the legislature during March 1923, recommended against a provincial bank. The culmination of pressures for a provincial bank came at the January, 1924 convention. The issue emerged again as a left-wing insurgency against the U.F.A. leadership but was defeated with the re-election of President Henry Wise Wood against a challenger who supported vigorous action on the provincial bank question. As the conservative Canadian Annual Review commented: "The 1924 Convention checked up the radical attack on national financial institutions and inflicted decisive defeat on the attacking party."[41] It was not until the Great Depression that the issue once again emerged forcefully, but then the initiative was in the hands of Social Credit.

In the field of taxation, no major changes were instituted, but for the introduction of a gasoline tax in 1922, together with a few other regressive sales taxes. Thus Alberta was still left as one of the lowest taxed provinces in Canada--including for corporations. Compounding the revenue problem, Dominion grants, which had declined from 50 to 27 percent of total provincial revenue between 1905 and 1921, fell to 16 percent in

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[40] Carl Betke, op. cit., p. 187

[41] Canadian Annual Review of Public Affairs, 1924-25, p. 424.

1929-30. By 1929, the cost of debt charges as a proportion of total provincial revenue had risen from 22 percent in 1921, to 32 percent. In 1932, debt payments reached a staggering 48 percent of provincial revenue. Thus, by 1935, the U.F.A. policies compounded by the Great Depression crisis had made the province increasingly subordinate to and dependent upon outside capital, particularly bank and finance capital.

The succeeding Social Credit government took some potentially stronger measures against "moneyed interests" in its early, more radical, phase. In 1936, it defaulted on over $3 million of bond payments, unilaterally cut the interest rate on its own provincial bonds by half, and passed the Debt Adjustment Act and Settlement of Land Debts Act. All these actions were designed to ease the immediate financial crisis facing the government and private debtholders. The Social Credit Measures Act and the Alberta Social Credit Act were also passed in 1936, and $236,000 in government scrip, called "Prosperity Certificates" (or funny money"), was issued. In 1937, at the height of the radical backbench "insurgency", the Alberta Social Credit Act was passed, providing for the issuance and distribution of "Alberta Credit" to counteract "the unused capacity of industries and people of Alberta to produce wanted goods and services." In 1938, the Social Credit cabinet authorized the formation of the Treasury Branches system, a form of provincial bank.

These and other "radical" Social Credit measures had little direct or major economic effect. Most were only weakly pursued by the Social Credit government, which was dominated by the conservative wing of the Social Credit movement, and were successfully blocked by financial interests and the Dominion Liberal government of W.L. McKenzie King. Strong opposition came also from powerful groups of Alberta businessmen such as in the rightest "People's League" and in the Edmonton Chamber of Commerce and Calgary Board of Trade. By means of significant increases in taxation and continued austerity, the provincial government managed to obtain a slight current budget surplus in 1937 and a much larger surplus in 1938, thus ending a string of deficits going back to 1931.[42] Thereafter, the Social Credit (and Conservative) governments never faced another deficit budget, largely as a result of generally improved economic conditions and, later, the prolonged natural resource boom. The improvement of conditions permitted debt repayment to proceed 'normally'. Gross funded debt reached its peak in 1939 and 1940 at about $156.1 million, then declined almost continuously after World War II until its low point of only 11 million in 1968.[43]

After determinedly ending its radical phase by the early 1940s, the Social Credit leadership embarked on a program of development which, with respect to its relationship with big business, was the most conservative Alberta had ever witnessed. In the crucial oil and gas sector, the provincial government subordinated itself to the private initiative of the major petroleum corporations, led by Imperial Oil, and was content to collect low rents on provincial natural resources, mainly through royalties and mineral lease sales.[44] During the late 1940s and early 1950s, major policies gearing oil and gas production, export, and pipeline construction to a continentalist market were set in place with the collaboration of the major oil and gas corporations, the provincial Social Credit government, and the federal Liberal government. Key agreements on oil and gas export had the effect of reducing opportunities to advance secondary industry in the province--by "exporting forward linkages". Provincial initiatives were of a limited regulatory nature and centred on the Petroleum and Natural Gas Conservation Board (1938), which was reorganized as the Oil and Gas Conservation Board in 1942. Indeed, the Manning Social Credit governments went out of their way to avoid public ownership, a stance vividly demonstrated in the struggle over "public power" in the late 1940s and in the formation of Alberta Gas Trunk Line Ltd. (A.G.T.L.) in the early 1950s. In establishing A.G.T.L. (1954), the social Credit government actually created a state-enforced private monopoly, then bestowed control upon a small group of corporate interests.

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[42] Of the 17 budget years under the Liberals, 9 ended in deficit; of the 14 budget years under the U.F.A., 9 ended in deficit.

[43] Alberta, Public Accounts, 1971-72, Edmonton: Queen's Printer, Statement No. 19, p. 81.

[44] About 85 to 90 percentof the mineral rights in Alberta have been owned by the provincial government since 1930, when Dominion Lands were transferred to the province.

Although Social Credit was prepared to turn over this and other highly profitable monopolies and benefits to private corporate interests, and to leave the development of secondary industry to the latter's perogative, the government did not resist extending public ownership in some highly unprofitable infrastructural developments to facilitate export-oriented production of natural resources. One notable example was the Smoky River coal project, a promotion of McIntyre Mines Ltd.. In the late 1960s, the provincial government committed about $150 million for the construction of the Alberta Resources Railway (about $139 million) and the Grand Cache townsite so that McIntyre could export coal to Japan. McIntyre's commitment was less than $50 million and the province's royalty levels insufficient even to meet interest charges.[45] The badly constructed Alberta Resources Railway was the only major railway project of Social Credit.[46] During Social Credit governments, total railway mileage had actually declined overall since 1935, as compared to its growth by 3,700 miles under the Liberals (1905-21) and by 1,000 miles under the U.F.A. (1921-35). However, in highways, telephones, and municipal development, notably for new or reactivated "resource towns",[47] major public investments expanded rapidly beginning in the late 1950s. This was handled mainly through provincial guarantees, especially of municipal debt, which rose to nearly $1.4 billion by 1971. Even gross direct debt rose from a low of about $11 million in 1968, to $105 million in 1971.

The Conservative government under Premier Lougheed, elected in the summer of 1971, took a much more aggressive position with regard to state intervention than did Social Credit. In particular, the Conservatives have used the state most decisively to force industrialization, which is part of the government's general development strategy:

> Since entering public life over nine years ago, my theme has been that this province's economy is too vulnerable, it is too dependent upon the sale of depleting resources, particularly oil and natural gas for its continued prosperity. We have perhaps another decade left to diversify our economy to become

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[45] While the province suffered considerably from the Smoky River project (as was partially revealed in a commission of inquiry (1973), chaired by N.R. Crump, former C.P.R. President), Manning himself obtained a position on the board of McIntyre after retiring from the provincial legislature in 1968.

[46] However, it was not the only railway of significance to Alberta in the 1960s. The federal government began construction of the Great Slave Lake Railway in 1962. The railway stretched about 377 miles from Roma in northern Alberta to Hay River, N.W.T., with a 53-mile branch to Pine Point, N.W.T.. The line was completed in 1964 and is operated by the C.N.R..

[47] For example, Drayton Valley, Hinton, Swan Hills, Fort McMurray, Rainbow Lake, Grand Cache and Fox Creek.

> less dependent . . . . To me, it's obvious that an economy such as ours in Alberta with no national political clout relying upon the sale of unprocessed resources for its next generation's prosperity is folly in the extreme.[48]

The means generally employed by the Lougheed government have included the traditional methods such as tax and royalty concessions, and the expansion of roads and telephones. However, the direct takeover of Pacific Western Airlines (P.W.A.) in August, 1974, in order to defend and consolidate Alberta's position as the "Gateway Province to the North", went well beyond Social Credit practice. So also did a more typical Conservative form of intervention--the "joint venture". In 1973, as a means of assisting the Syncrude consortium project in the Athabasca Tar Sands, the government formed the Alberta Energy Resources Corporation, to be half-owned by the province. But the Premier made a point of emphasizing that "It is our intention as government policy to have the minority of the directors appointed by the provincial government and the majority by the shareholders at large and to have as government appointed directors, businessmen and not public servants."[49] This enterprise contrasted sharply with the Social Credit govenments's weaker and unsuccessful Alberta Investment Fund (1966), basically a loan fund, which did not take on major equity ownership (including in the first Athabasca tar sands project, Great Canadian Oil Sands).

In 1973, a profound shift took place in the international terms of trade for oil. Spurred by the Yom Kippur war in October, 1973, the OPEC countries[50] succeeded in quadrupling the world price of oil within three months. The Alberta government together with the oil "majors" took advantage of the OPEC action to press for world-level prices for Alberta oil and gas. After several major provincial-federal confrontations, the Trudeau Liberal government (which had controlled oil prices since September, 1973), agreed to raise prices in stages to the world level. Alberta's provincial coffers were deluged with windfall oil revenues to the point that the Conservatives were faced with a major question; how to deploy the vast accumulation without significantly expanding public ownership--which would antagonize their corporate allies--and yet not openly giving away funds to corporate interests--which would be unacceptable to most citizens--or allocating the funds to social programs--which would be unacceptable to most corporate interests.[51] In 1976, the Conservatives formally established the Alberta Heritage Trust Fund, which began with $1.5 billion and was planned to receive 30 percent of all future non-renewable resource revenue. As instituted, 65 percent of the funds were to be invested in projects which would yield a "reasonable" rate of return plus help industrialize and diversify the Alberta economy. By 1979, the "Heritage Fund" had accumulated well over $4 billion.

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[48] Premier Peter Lougheed, Speech to the Calgary Chamber of Commerce, September 6, 1974, Edmonton: Office of the Premier, p. 3.

[49] Ibid., p. 9.

With the emergence of the major capital accumulation embodied in the Heritage Trust Fund, the provincial government shifted decisively from a debtor to a creditor position. Previous surpluses were largely plowed back into the operating or capital budgets of government programs, or loaned to municipalities or crown corporations as 'internal financing'.[52] However, the use of "Heritage Funds" has gone well beyond this, to the extent that the provincial government surplus is being loaned primarily to private corporations and to outside governments. For instance, in 1977, over $2 billion was in short-term securities, and nearly $101 million was in Gulf debentures (at 8 1/8 percent) and Canada-Cities Services debentures (at 8 3/8 percent). Also, in 1977, the Conservative government made a $50 million loan (at 10 percent) to Newfoundland. By treating its surpluses in this way, the government has become increasingly integrated into major capital markets as a part of the financial oligarchy. Furthermore, in its reaping of economic surplus--interest and dividend payments--from both private corporations and individuals, and from other sections of the Alberta and Canadian state, the Alberta state has committed itself to the path of "state rentierism".[53] Coupled with the provincial government's role in such major operations as the Alberta Energy Company and P.W.A., and the multiplicity and closeness of personal relations between the provincial cabinet and big business, the economy in Alberta has become a paradigm of modern state-monopoly capitalism.

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[50] The Organization of Petroleum Exporting Countries (OPEC) was formed in the mid-1960s and has reflected the rising tide of the national liberation movements in the "Third World". Its membership includes Algeria, Ecuador, Indonesia, Iran, Iraq, Libya, Nigeria, Saudi Arabia, Tunisia, Venezuala, and the Persian "Gulf States".

[51] Social programs, such as in public education, health, welfare, housing, and culture, tend to redistribute income (the "social wage") and raise expectations; hence they can weaken the capitalist social structure and incentive system.

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[52] With $1.8 billion of guaranteed debentures in 1977, the Alberta Municipal Finance Corporation has for many years been the provincial government's largest single "indirect liability". The A.M.F.C. is followed by Alberta Government Telephones, at $.9 billion in 1977.

[53] Lenin gave brief consideration to "rentierism" and "usury imperialism" in "Imperialism", pp. 277-279 and p. 243, respectively.

The Rise of U.S. Imperialism in Alberta

Another important trend in the Alberta economy has been the remarkably rapid rise of U.S. capital in the provincial economy. As a result of the pattern in which natural resource development, particularly oil and gas, has been engineered, U.S. and other foreign capital has taken commanding positions in many key areas of the economy. By the end of the Social Credit era in 1971, Alberta had the highest level of foreign (mainly U.S.) ownership and control in Canada--55.8 percent (48.2 percent) or corporate taxable income and controlled by foreign (U.S.) corporations. In 1976, after four years of Conservative government rule, 67.1 percent (58.5 percent) was controlled abroad, again the highest level in Canada, which averaged 49.4 percent (42.4 percent). Indeed, by 1976, foreign (U.S.) ownership had reached 86.2 percent (76.1 percent) in mining and 80.6 percent (70.7 percent) in manufacturing.[54] This major change in the control of the Alberta economy is exemplified by the rise of Imperial Oil to its position as the most powerful corporation in Alberta, superceding the C.P.R., and before it, the H.B.C..

Imperial Oil was originally a Canadian firm formed around 1880 in southwestern Ontario. In 1898, Imperial was taken over by Rockefeller's Standard Oil Trust. By World War I, Imperial was actively exploring in Alberta. The 1914 discovery in Turner Valley by Calgary Petroleum Products (1912), a Calgary-based company whose directors included William Heron, A.W. Dingman, R.B. Bennett, and James Lougheed, stimulated further interest. In 1921, a change took place which altered fundamentally the control of development in Alberta. The directors of the independent Calgary Petroleum Products sold out a controlling interest to Imperial Oil, and the corporation was reorganized as the Royalite Oil Company. Moreover, later that same year, while James Lougheed was a member of the federal cabinet, Dominion Lands regulations were changed to permit foreign interests licensed or registered in Canada to prospect for oil, and concessions were made to promote Imperial's activity in Alberta, on the urging of Imperial itself.[55] A major strike was made in 1924 ("Royalite No. 4") and by 1929, through the continued technique of organizing small companies with independents as minority owners, Imperial controlled three-fourths of the Turner Valley field.[56] The Turner Valley field had surpassed the production of the older Ontario fields around Petrolia by 1925. In 1935, Turner Valley produced nearly 90 percent of Canadian output, although Canadian production in total provided for only about 5 percent of Canadian consumption.[57]

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[54] Canada, Corporations and Labour Unions Returns Act, (CALURA), Report for 1971, Part I, p. 147, and 1976, Part I, p. 259. The figures for 1975 were even higher in all categories (see CALURA, 1975, Part I, p. 259).

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[55] C. Martin, op. cit., pp. 458-459, and order-in-council P.C. 105 of 1920. Further research on this early activity of petroleum corporations in the federal government will likely bear some interesting results. As for P.C. 105, which dealt with foreign oil company exploration, Chester Martin probably made certain errors. P.C. 105 was approved on January 29, 1920, under the sponsorship of Arthur Meighen, who was Minister of the Interior from October 12, 1917 to July 10, 1920. Sir James Lougheed who at the time was Minister of Soldiers (Civil Re-establishment) was not present at the particular cabinet meeting when P.C. 105 was approved and became Minister of the Interior from July 10, 1920 to December 29, 1921. However, it cannot be assumed that Lougheed did not advise or work with Meighen on this question. In any case, P.C. 105 was but one among several significant moves made during these years, including during Lougheed's own term as Minister of the Interior.

[56] Henrietta Larsen, E.V. Knowlton, and C.S. Popple, New Horizons, 1927-1950, Vol. 3 of the History of Standard Oil Company (New Jersey), New York: Harper and Row Publishers, 1971, p. 110.

[57] Herbert Marshall, F. Southard, Jr., and K.W. Taylor, Canadian-American Industry: A Study in International Investment, pp. 107-108.

In 1928, the Financial Post reported that the four "really big" companies operating in Alberta were Imperial Oil, Canadian Western (acquired by International Utilities in 1925), the Alberta Fuel and Gas Company, and the Hudson's Bay-Marland Oil Company--all U.S. majority-owned and controlled.[58] With the World War II activities of the oil majors, particularly in exploration and the Canol Project, followed by Imperial's 1947 Leduc find, the full significance of the developing trend made its impact on the Alberta economy.[59] Major multi-national corporations engaged in a massive scramble for control of Alberta's resources, a process which has continued with almost no letup, and implanted a series of producing operations such as Redwater (1948), Pembina (1953), Swan Hills (1954), Rainbow (1965) and West Pembina (1977).

In the late 1940s and early 1950s, there was a crucial period of pipeline promotion and development which gave rise to major Canada-wide political struggles over continentalism, culminating in the infamous "Pipeline Debate" of 1956. During these years the basis of Alberta's pipeline infrastructure was laid in place. Imperial Oil organized the Interprovincial Pipeline Company (1949) for eastern continental markets and the Trans Mountain

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[58] Ibid., p. 108. By 1935, the dominant petroleum companies in Alberta were Royalite Oil, and Foothills Oil and Gas Company, Ltd., both controlled by Imperial.

[59] For some material on the early history of oil in Alberta see D.I. Istvanffy, "Turner Valley: Its Relationship to the Development of Alberta's Oil Industry", M.A. thesis, University of Alberta, 1950, and "The History of Turner Valley", Alberta Historical Review, Vol. 2, No. 4, October 1954, pp. 28-39; F.K. Beach and T.C. Irwin, The History of Alberta Oil, Edmonton: Department of Mines and the Publicity and Travel Bureau, n.d.; Ed Gould, Oil: The History of Canada's Oil and Gas Industry, Vancouver: Hancock House, n.d.; Earle Gray, The Great Canadian Oil Patch, Toronto: Maclean-Hunter Limited, 1970.

Oil Pipe Line Company (1951) for the Pacific Northwest. Natural gas transmission lines followed soon after, notably the Canadian-Montana line south to Montana, the Westcoast Transmission Company to the Pacific Northwest, and the Trans-Canada Pipe Lines Company for eastern continental markets. All these pipeline projects were executed in the perspective of a continental--mainly U.S.--market and were majority financed and owned by U.S. capital. Despite opposition, the Manning Social Credit government was able to drive in the thin edge of the continentalist wedge against anti-export forces by using the intense Cold War atmosphere and the "hot" war in Korea (1950-53).[60] In March, 1951, the provincial cabinet authorized Alberta's first natural gas export. Premier Manning announced that the export, according to the Calgary Herald, was "purely for defense purposes to serve the needs of the vital Anaconda copper mining company operation in Montana."[61]

One of the most prominent events in the developing pattern of continental integration was the imposition of the so-called "National Oil Policy", which became a primary element of Canadian energy policy during the 1960s. The policy grew out of the Royal Commission of Inquiry into Energy (the Borden Commission) appointed by the Diefenbaker Conservative government and was formally announced by George Hees, Minister of Trade and Commerce, on February 1, 1961, in Ottawa.

The policy instituted a north-south National Oil Policy line at the Ottawa valley. Areas west of the line would be supplied with oil from western Canada, largely Alberta, whereas areas east of the line would be supplied oil imported from Venezuela and the Middle East. Adoption of the National Oil Policy meant the defeat of the proposal for a western-Canada-to-Montreal oil pipeline put forward by a group of 'independent' Canadian oil companies led by Home Oil. On the other hand, the decision strengthened the position of the multinational 'majors', who were dominant in imported as well as domestic production, and left Canada vulnerable to external pressures and disruptions. In short, there was a cartelization of the Canadian market which corresponded to the interests of the multinational 'majors' rather than "national interests".

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[60] In many struggles Social Credit, both provincially and federally, allied itself with the federal Liberals who, in practice, were led on these major development questions not by the Prime Minister, Louis St. Laurent, but by the U.S.-born Minister of Trade and Commerce, C.D. Howe.

[61] Calgary Herald, March 22, 1951.

While at the time the price of Alberta oil was higher than that of imported oil, the domestic price was set with reference to the Chicago market. (Until 1973 the price in Alberta was essentially a "netback" price, that is, the Chicago price minus transportation costs and exchange rate differentials to Alberta.) By not extending the market for Alberta production to Quebec and the Atlantic provinces, the federal government encouraged the export of oil (and gas) 'surpluses' to the U.S.. Indeed, an explicit objective of the National Oil Policy was not only increased domestic production but increased export to the U.S.. Within a year of the policy's adoption, major increases occurred in both western oil production and export.

Since natural gas and oil can be used as substitutes in many activities, the National Oil Policy also helped block the expansion of Alberta gas into eastern Canada. Given that the policy left eastern Canada dependent on lower-priced imported oil, Alberta natural gas could not compete for the market. Of course, this price differential was due not to 'normal' market forces but to the pricing policies of the multinational majors, who favoured the export of Canadian natural gas to the U.S. and a continental energy program.

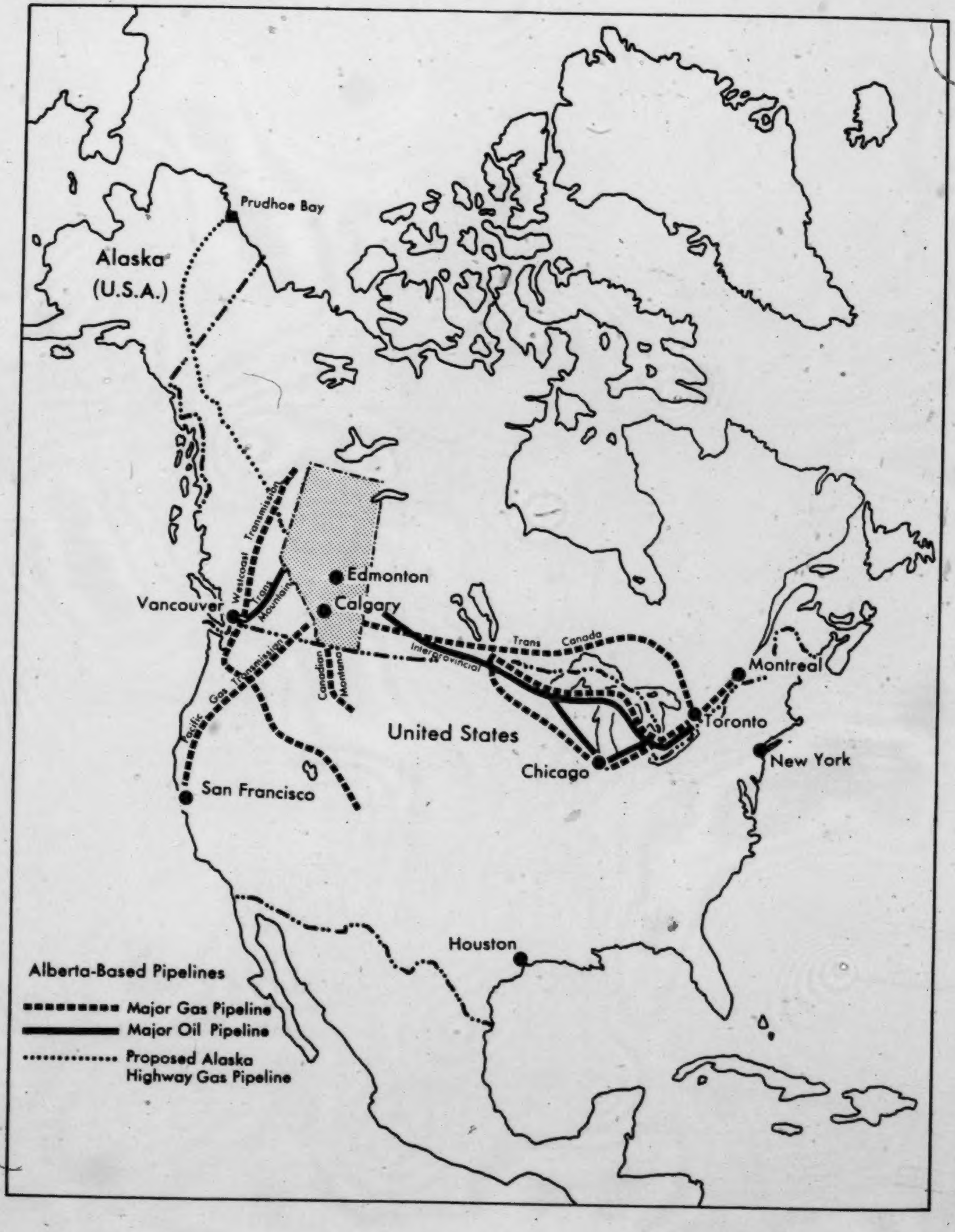
It was not until the major crisis of 1973, when the federal government unilaterally imposed oil price controls to moderate the domestic impact of the convulsive international price increases, that Canadian pricing was disengaged from the Chicago market. In effect, the Alberta price was not permitted to rise to the Chicago price level and, for exports, the difference between the Alberta price and the Chicago price was appropriated by the federal government in the form of an export tax to be used to subsidize consumption of higher cost imported oil in eastern Canada.

The sharp escalation in the price of imported oil in eastern Canada relative to domestically produced oil from Alberta also led to an eastward pipeline extension to the Montreal area to increased pressures, still continuing, for further pipeline extensions into the Atlantic provinces. Concerns with security of supply and the need to increase supplies of non-OPEC oil, compounded by fears of Quebec 'separation', also contributed to the drive to insure eastern Canadian industry an adequate supply of oil below world market prices. With the threat of cheaper imported oil having disappeared, oil and gas interests in Alberta and the Alberta government reaped a dramatic increase in their eastern 'leverage' and the disarray of the National Oil Policy.

The National Oil Policy episode reveals much about the class and sectional forces behind the structural development of 'integrated' or country-wide markets in Canada under various so-called "national policies". For example, it is significant that manufacturing, banking, and railways, backed by particular interests and state policies, could see the development of such Canadian markets while certain other important markets, like coal and oil, have appeared as anything but "national" in character.

The massive influx of foreign, especially U.S., capital and the growing continentalization of the economy spawned a group of Alberta-based

Alberta in North America


Prudhoe Bay
Alaska
(U.S.A.)
Transmission
Westcoast
Trans Mountain
Edmonton
Vancouver
Calgary
Trans Canada
Interprovincial
Canadian
Montana
Pacific Gas Transmission
Montreal
Toronto
United States
New York
Chicago
San Francisco
Houston
Alberta-Based Pipelines
Major Gas Pipeline
Major Oil Pipeline
Proposed Alaska Highway Gas Pipeline

capitalists in "independent" oil and gas companies, natural resource-related service and consulting operations, construction, and land dealing and development. In particular, the government-initiated A.G.T.L. developed as a key centre for some Alberta-based capital, although A.G.T.L. was by no means fully controlled by Alberta capital. By the 1970s, A.G.T.L. had grown into one of the largest gas pipeline companies in Canada (with about 5,400 miles of pipeline). When the Conservatives came to power the number of provincial government appointees on the Board of A.G.T.L. was increased from two to four to strengthen the position of Alberta capital and A.G.T.L. was encouraged to diversify its operations. As the leading element of Foothills Pipe Lines Ltd., A.G.T.L.'s most publicized success has been to win federal government approval to build and operate the first major northern gas pipeline in North America. However, the Foothills victory over the rival Arctic Gas Pipeline Ltd., a powerful continentalist consortium[62] from which A.G.T.L. broke away in 1974, has still to be realized. The A.G.T.L. monopoly has also become heavily involved in efforts to "diversify" the provincial economy, notably in the development of a $350 million gas ethylene plant near Red Deer through its subsidiary Alberta Gas Ethylene Company Ltd.. This is one of a series of "world-scale" petrochemical complexes geared to a continental market that are now under development. The growth of a major petrochemical industry in the later 1970s is dwarfing previous limited petrochemical development under Social Credit, and marks a new trend in the Alberta economy. However, since the Conservatives' "diversification" program is substantially dependent upon oil and gas production, their program may actually be an "intensification of dependency".

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[62] Arctic Gas Pipeline Ltd. included Imperial Oil, Gulf, several other major U.S. oil and gas companies, Shell, the Canadian Development Corporation, Consumer's Gas, Canadian National Railways, and Canadian Pacific Investments. The consortium claimed to have expended over $100 million in its bid to develop its proposed Mackenzie Valley pipeline.

Figures such as Robert Blair, president of A.G.T.L. since 1966 and the Financial Post's "Businessman of the Year" in 1977, exemplify a prominent type of Alberta-based capitalist.[63] Blair, who is also a director of the Bank of Montreal, Dofasco, and Canron, is widely known as a "nationalist", presumably, a Canadian nationalist. However, Blair and other "nationalists" and "provincialists" in the higher strata of the business class in Alberta tend to be accumulating their capital by promoting continental integration. They have found that facilitating continental markets and foreign control of Canadian resources, such as through the proposed Canadian-U.S. "gas swaps" that are a vital part of the Foothills pipeline project, is highly profitable and, perhaps, their "leg up" on outside rivals. This is an English Canadian "nationalism" different from that of the early "National Policy" period, which was often allied with British imperialism, and different from traditional labour calls for economic independence and sovereignty. Although the A.G.T.L.-Foothills grouping has successfully mounted a challenge to the dominance of U.S. capital in certain areas, it is at best an open question, and probably unlikely that this or any other section of Alberta capital will supercede Imperial Oil and other U.S. monopoly capital as the major force in Alberta, as long as private capital accumulation and continentalist collaboration dominates development.

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[63] For brief if superficial mentions of some other figures see Alan Hustak, Peter Lougheed: a biography, Toronto: McClelland and Stewart, 1979; Peter Newman, op. cit., pp. 245-253; Christina Newman, "The New Power in the West", Saturday Night, September 1976, pp. 17-25; Jan van der Feyst, "Alberta, the search for economic independence", Canadian Business, November 1976, pp. 22-30; Suzanne Zwarun, "Camelot West", Maclean's, April 18, 1977, pp. 28-42; Philip Smith, The Treasure-Seekers: The Men Who Built Oil, Toronto: Macmillan of Canada, 1979.

The Working Class and the Future

The most consistent economic force pitted against the power of both central Canadian and U.S. capital has not been Alberta-based capital, but labour. Indeed, a measure of the degree of "independence" of Alberta-based capital has been its long history of collaboration with outside capitals in common cause against Alberta labour.

In Alberta's early years, the drive for rapid capital accumulation intensified the exploitation of labour, exacerbating the relations between labour and capital. Labour organization took root in railways, coal mining, and construction, especially in the main centres of Lethbridge, Medicine Hat, Calgary, and Edmonton. As noted in the previous chapter, by the time of provincial autonomy, key local unions had been organized, municipal labour councils formed (Calgary in the early 1900s and Edmonton in 1906), and independent labour political activity was first appearing. These were important organizational advances for the working class in Alberta, particularly as they were won in the face of "the new and fiercely individualistic employing class in Western Canada who were Social Darwinists to the core."[64] For example, in 1903, following a strike against the C.P.R. by the U.S.-centered United Brotherhood of Railway Employees, the then Senator James S. Lougheed of Calgary attempted to amend the Canadian criminal code to provide for the arrest and imprisonment of non-British subjects who entered Canada and urged workers to seek an improvement in wages or conditions.

As capitalist development created the working class in Alberta, so its continued expansion brought the working class closer to political centre stage. Increasing waves of strike/lockout activity occurred, reaching peaks in 1906, 1909, 1912, 1917, and 1919. The Dominion government had established a Department of Labour in 1900 and was soon active in reporting and conciliation in Alberta. One of the most serious strikes in early Alberta, that of 500 Lethbridge miners against the Alberta Railway and Irrigation Company in 1906, actually gave rise to Mackenzie King's anti-labour Industrial Disputes Investigation Act (1907), the key piece of Canadian labour legislation during the succeeding two decades. The Provincial Liberals, who had "a good deal of hostility towards the demands of organized labour",[65] were compelled by the Lethbridge strike and other bitter class battles erupting in the coal fields and rail centres to recognize that an important new question was on Alberta's historical agenda. In February 1907, on the motion of the Minister of Public Works, W. Cushing, the legislature approved the appointment of a commission "to make inquiries into conditions of labour interests with a view to obtaining all possible information with regard to any differences existing between capital and labour, in order that the government may be able to frame legislation looking toward the peaceful settlement of disputes of this nature."[66]

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[64] Irving Abella, The Canadian Labour Movement, 1902-1960, Historical Booklet No. 28, Ottawa: The Canadian Historical Association, 1975, p. 5.

This report of the commission was divided on controversial issues, so avoided taking positions. Thus, it pointed out that the working day in mines varied from 8 to 12 hours, but suggested no labour standard. However, in what was one of the first provincial acts directly affecting labour,[67] the Assembly approved legislation in 1908 establishing, at least on paper, the 8-hour day in Alberta's mines. Also passed in 1908 was the first Workmen's Compensation Act.

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[65] L.G. Thomas, The Liberal Party in Alberta: A History of Politics in the Province of Alberta, 1905-1921, p. 49.

[66] Labour Gazette, Vol. VII, 1906, 1907, pp. 943-944.

Over the course of many years, Alberta labour was able to win some concessions, especially during militant periods such as the late 1910s. For instance, coinciding with the strike wave of 1917, the highest that Alberta had ever seen and which accounted for nearly 30 percent of all strike/lockout activity in Canada (as measured by time lost), the provincial Liberal government passed an Alberta Factory Act. This marked the first, albeit limited, minimum wage legislation in Canada; establishments covered by the Act faced a minimum wage requirement of $1.50 per shift for male workers and $1.00 per shift for apprentices. In 1920, this time following B.C. and Manitoba, the act was amended for women.[68] In 1918, the legislature passed an expanded Compensation Act which moved towards the principle of compulsory coverage regardless of fault.

However, for virtually all provincial governments since 1905, labour has been viewed as a force potentially threatening to propertied interests and the social status quo, particularly in its voicing of socialist concepts. Thus, the acceleration and maturing of capitalist development--and the working class--has carried with it a haunting fear for the Alberta establishment. Expressions of this theme can be found occasionally, and usually euphemistically, such as hinted in Premier Lougheed's 1974 speech to the Calgary Chamber of Commerce: "I doubt it is necessary for me to point out that with this province and with this diversification will come also some problems and growing pains in terms of material and manpower shortages in the short term and in the longer term, greater propensity for labour disputes."[69] Less vague have been the series of specific anti-labour actions advocated and taken by the Conservative government, notably in support of federal wage controls beginning in 1975, in anti-strike legislation (Bill 41) against provincial employees in 1977, and in regulations further restricting the political rights of provincial public employees in 1978. It is apparent that the struggle between labour and capital has entered a new phase in which the provincial business class has chosen to make increased use of the state to weaken labour and control collective bargaining as a means of maintaining rapid capital accumulation.[70] This, in turn, has compelled an increased level of labour organization, strike-lockout activity and independent political action. If history be a judge, it is unlikely that the working class in Alberta can be contained by the state or seriously divided and weakened by the ideology of "regionalism", or other forms of 'sectionalism': these have appeared before and, despite almost overwhelming difficulties, were overcome. In the meantime, Alberta capital's direction and alignments seem increasingly clear.

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[67] In the territorial period, An Ordinance respecting Masters and Servants was approved on September 26, 1879. In the late 1880s and 1890s, ordinances were passed relating to liens for "mechanics, machinists and others", which later included threshers. In the late 1890s, ordinances relating to mine safety and labour conditions appeared; however, much of this legislation was weak indeed. Once, when a restriction on the working day, for some reason, was included in a mining ordinance and passed, the clause was amended out the succeeding year. The Municipal Ordinance of 1897 gave municipal councils authority to pass early closing bylaws. In 1898, child and female labour in mines was prohibited.

[68] See Labour Gazette, 1920, p. 1191. It should not be assumed that the Liberal government had changed its class nature. The factory legislation was only one side of the picture. The Liberals also passed, for example, "The Patriotic Tax Act" (1917) and an act to establish a provincial police force (1917).

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[69] Premier E.P. Lougheed, op. cit., p. 8.

[70] One significant indicator of the trend has been the shift in the relative shares of Alberta's gross domestic product between 1971 and 1977, towards corporate profits away from wages and salaries, farm income, and small business income. See Ed Shaffer, "Oil and Class in Alberta".

In its rivalry with central Canadian capital, Alberta capital has made considerable use of its most powerful lever for capital accumulation--the Alberta state. By maintaining various selected "provincial rights" postures, particularly with respect to the control of natural resources production and pricing, transportation, and taxation, Alberta capital has helped strngthen its positions--and those of U.S. capital--against central Canadian capital. However, the westward shift in wealth and the locus of economic power in Canada has exacerbated tensions within the Canadian state structure and society (especially since the 1973 oil price increases and the November 15, 1976, election of the Parti Quebecois in French Canada), and weakened resistance to further takeover of the Canadian economy by U.S. capital.

At the same time, Alberta capital is aggressively seeking a leading position over central Canadian and B.C. capital in the scramble for the natural resources of northern Canada. Alberta capital aspires to a "place in the sun" as a continentalist "gateway province" to the north, making Alberta a transportation corridor and staging area for "northern development". In the northward drive of Alberta capital, the people of Alberta and Canada, especially the Native Peoples, are witnessing a pattern of development with which they have had a long and painful familiarity. Alberta capital, allied with U.S. capital, is doing unto the north--the new North-West--what "eastern" capital and its British allies did unto them. The aggressors have changed a little, but the victims have not.

Conclusion

This thesis has tried to work out a general framework for the analysis of the economic development of Alberta. Most attention has been given to the broad lines of development, particularly structural features, periodicization, and certain relationships of Alberta's development to Canadian and international development.

Of necessity, the treatment of many aspects of Alberta's development, especially in the fields of social and political history and anthropology, has been limited or omitted entirely, although these aspects could be integrated into a larger general history. It must be noted that there are still many areas where much research needs to be undertaken in order to tell particular 'stories' of central importance in the development of Alberta and the western interior. The thesis has mentioned the lack of significant statistical materials and pointed towards the need for basic research in a variety of areas such as labour union and co-operative history, the history of particular aspects of statement development, 'sectoral' or industry histories (especially in mining, manufacturing, utilities, and land dealing), and the histories of scientific and technological development.

Despite the considerable number and variety of changes which have occurred in the 'academic' literature on the development of Alberta and the western interior, virtually all approaches have been affected deeply by the ideology of colonialism and imperialism in Canada. This influence was most evident in the years until World War I--the 'high' period of modern imperialism and colonialism. Since then there has been a modification and generally growing differentiation among approaches, reflecting the effects of various crises (such as followed from World War I and the Great Depression) and mounting democratic pressures (such as the rise of the labour and farm movements). However, the process has been neither uniform nor continuous, in particular, there have also been times of regression or reaction, notably during the Cold War with its attendant deluge of U.S. "social science". While one can observe some isolated general trends among the approaches, the existing historiographical writings have yet to develop adequate means of treating the many interrelated, complex, and often contradictory elements of the approaches and of recognizing the profound significance of imperialism and colonialism as it has suffused the academic literature on Canada and Alberta.

One of the primary concerns, if not preoccupations, in much of the received literature has been the position of Alberta and "the West" as a whole in the Confederation arrangements and the Canadian economy. Various approaches have felt compelled to introduce implicitly or explicitly the theme of economic "exploitation" and related notions of "unfairness", "imbalance", "unevenness", "inequality", "dependency", etc. in describing economic relationships and processes which gave rise to this position. This thesis emphasizes not only that the concept of exploitation is fundamental to understanding development in Alberta, but that any serious use of the concept requires as a necessary economic underpinning some theory of value.

The thesis attempts to demonstrate the applicability of the Marxist approach to exploitation and capitalist development, including Lenin's theory of imperialism and state-monopoly capitalism, to development in the western interior. While some consideration is given to pre-capitalist development, the primary focus is on qualitative changes and structural forces in the evolution of capitalism in Alberta.

With respect to periodicization, development in Alberta can be divided into three main periods, the first two predominated by the primitive communal mode of production and the third predominated by the capitalist mode.

While, in principle, the first two periods could be collapsed into one, the thesis takes the view that the penetration of the fur trade beginning in the later 1700s and the introduction of early colonialism and certain capitalist elements into the Prairies deserves to be recognized separately as a prelude or transitional period to capitalism. The victory of capitalism, achieved by about 1885, ushered in 'modern' development in Alberta. This began the third period which itself has several phases, the most decisive early phases being marked by the appearance of modern imperialism (monopoly capitalism) towards the turn of the century and the emergence of state-monopoly capitalism during World War I.

The thesis focuses on the initial elements of capitalist development in the western interior to identify internal and external aspects of the process during the transition to capitalism and the political economic determinants of Canadian state control in the formation of the North-West Territories. It is argued that the "National Policy" and the emergence of "provincial autonomy" had a definite class and sectional character which is at least partially revealed through analysis of the process of "internal colonization" in the North-West Territories. In particular, the latter process, which involved the establishing of Canadian state power, the removal of the Native population from developable lands, the building of a transportation and communications infrastructure, rapid and extensive white settlement, the organization of a productive system structured towards primary production based on agriculture and mineral extraction, and the expansion of the Canadian home market under the control of central Canadian industry and banking, underlines the 'bourgeois nationalist' character of the National Policy and its central Canadian orientation, expansionism, and special relationship with British capitalism.

The rise of modern imperialism rapidly accelerated capitalist development in Alberta and left in its wake heightened exploitation and unevenness of development. The thesis stresses the central importance of the capitalist tendencies towards concentration and centralization, especially with respect to imperialism's first essential feature, that is, the concentration of production and capital to the point where monopoly capital (roughly, "big business") came to dominate the world capitalist economy. The other essential features are also treated; there is discussion of the growth of monopoly in banking and the emergence of finance capital, of the pronounced significance of capital export, and of the questions of economic and territorial division and rivalry. Much specific historical material is available to evidence and illustrate the role of all these factors in the Alberta context. It is concluded that imperialism in both its particular features and as a whole has had a profound effect in structuring development and the forms of exploitation in Alberta, including the character of the provincial state and its position in the Canadian federal state system. Moreover, the present study of this aspect of Canadian development lends explanatory support to those theories which recognize that Canada evolved from colony (and semi-colony) to an imperialist state, albeit a lesser imperialist state with special ties to British and, later, U.S. imperialism.

Counteracting naive populist notions of Alberta's development, the thesis draws attention to signs of the maturing of capitalism and the rise of the working class in Alberta and recognizes that the evolution has been shaped decisively by the subordinate and constrained character of early capital accumulation in Alberta. Specific patterns of local capital accumulation are highlighted together with some substantiating data newly compiled from early official companies records. In order to underscore the significance of the growth of the working class, there is an analysis of the class structure of Alberta including a discussion on the development of capitalism in Alberta agriculture. Also, to amplify aspects of the evolution of the working class consideration is given to labour conditions, scientific and technological transformation, and the class struggle as it has affected labour union development.

The Canadian state at all levels has played a fundamental and determining role in the course of capitalist development in Alberta, especially so with the emergence of state-monopoly capitalism during World War I. Certain key aspects of the composition and policies of the several provincial governments in Alberta since the formation of the settler state are described to help identify and outline the changing class and sectional alignments of political economic forces in Alberta's state development.

In viewing the development of Alberta capital and the Alberta section of the Canadian bourgeoisie attention is given to the rise of U.S. imperialism in Alberta, especially in relation to petroleum development. The particular 'triangular' relationship among Alberta capital, central Canadian capital, and U.S. capital has been complex and varying, involving as it does both coincidence and conflicts of interest and, correspondingly, both collaboration and rivalry. The thesis attempts to note some features of this special relationship and concludes with a reckoning of the current alignment and direction of Alberta capital. However, as important as the relations among capitals and capitalists may be, the fundamental determinant of the course of capitalist development remains the relationship of capital and wage-labour. The historical growth and dynamism of the working class suggests that this latter relationship will come increasingly to the fore in future years.

Appendix I has been supplied as supporting material to the tables and other observations relating to companies records. Appendix II was supplied to overview some of the theoretical background assumed in the main body of the thesis. In both the main body of the thesis and the appendices, there is extensive quotation and citation of original writings by Marx, Engels, and Lenin. This was done, despite its length, as an attempt to pin down and make explicit particular theoretical and 'textual' issues or interpretations. Also, since many persons have neither the time nor library facilities to follow up references, the thesis has tried to save them some difficulty by entering in the text or footnoting at length material which might be of particular interest or help in clarifying points for such readers. This practical concern was also behind the use of rather lengthy quotations from a considerable number of Canadian writers in other chapters, especially the preliminary literature review. While the writer is aware that this judgement might have the attendant problem of cluttering the reader's view of the forest with thickets of trees, it was felt that the organization of chapters, tables, and appendices might be of some useful value in directing readers to the particular material which may--or may not--interest them.

APPENDIX I

The following appendix was worked up from companies records of the Companies Branch of the Department of Consumer and Corporate Affairs of the Province of Alberta and from various issues of the *North-West Territories Gazette*, *Alberta Gazette*, *Ordinances of the North-West Territories*, and *Statutes of Alberta*. Acknowledgement is given to the employees of the Companies Branch and Legislature Library of the Province of Alberta for their efficient co-operation in this research. It is hoped that by reproducing these tables later researchers may be spared some labour and expense or, at least, have a basis upon which to improve what is presented here.

Table A.1

Incorporations of Privately-Owned Companies in Alberta under N.W.T. Companies Ordinances[1]

Name of Company[2]	Alberta Centre[3]	Authorized capital[4]	Date of Incorporation[5]	Administrative Number if stated (A.N.)[6]
1887				
1. The Calgary Lumber Co. (Ltd.)	Calgary	$ 85,000	Aug.3/87	*
2. The Calgary Electric Lighting Co. (Ltd.)	Calgary	$ 25,000	Sept.2/87	*
1889				
3. The Herald Publishing Co.	Calgary	$ 10,000	Apr.15/89	*
4. The Alberta Turf Club Association (Ltd.)	Calgary	$ 15,000	Aug.23/89	*
5. The Edmonton Building and Investment Co. (Ltd.)	Edmonton	$ 2,000	Aug.30/89	*
6. The Calgary Street Railway Co. (Ltd.)	Calgary	$ 10,000	Dec.24/89	*
1890				
7. The Calgary Amateur Athletic Association	Calgary	$ 3,000	Apr.28/90	*
8. The Southern Alberta Turf Association (Ltd.)	Macleod	$ 10,000	May 29/90	*
9. The Lethbridge Building Co.	Lethbridge	$ 12,000	Sept.2/90	*
10. The Alberta Rink Co. Ltd.	Calgary	$ 8,000	Sept.11/90 (May 30/02)	No. 1

Name of Company	Alberta Centre	Author-ized capital	Date of Incorp-oration	A.N.
1989				
11. The Calgary Woollen Manufacturing Co.	Calgary	$ 25,000	Jan.31/91	*
12. The Alberta Hotel Co. Ltd.	Calgary	$ 99,000	Apr.10/91 (June 20/02)	No. 2
13. The Alberta Petroleum Land Development Co. Ltd.	Pincher Creek	$ 100,000	May 1/91	*
14. The Edmonton Electric Lighting and Power Co.	Edmonton	$ 10,000	Oct.24/91	*
15. Boorne and May, Ltd.	Calgary	$ 15,000	Dec.19/91	*
1892				
16. The Cardston Co. Ltd.	Cardston	$ 10,000	Mar.11/92	*
17. The Lethbridge Turf and Athletic Association	Lethbridge	$ 7,000	Apr.14/92	*
18. The Sarnia Ranching Co. (Ltd.)	Lethbridge	$ 40,000	June 17/92	*
1893				
19. The Edmonton Real Estate and Investment Co. Ltd.	Edmonton	$ 10,000	May 12/93	*
20. The Canadian Pacific Railway Transfer Co. Ltd.	Banff	$ 20,000	June 12/93	*
21. The Edmonton District Telephone Co. Ltd.	Edmonton	$ 10,000	July 10/93	*
22. The Alberta Transfer Co. Ltd.	Calgary	$ 15,000	Nov.22/93	*

	Name of Company	Alberta Centre	Author-ized capital	Date of Incorp-oration	A.N.
1894					
23.	The Willow Creek Cattle Co. Ltd.	Calgary	$ 95,000	Mar.31/94	*
24	The Medicine Hat Printing and Publishing Co. (Ltd.)	Medicine Hat	$ 2,000	Apr.30/94 (Apr.14/02)	No. 3
25.	The Innisfail Dairy and Stock Co.	Innisfail	$ 10,000	June 5/94	*
26.	The Lethbridge and Cardston Telephone Co. Ltd.	Lethbridge or Cardston	$ 10,000	July 11/94	*
27.	The Neilson Furniture Co. Ltd.	Calgary	$ 10,000	Oct.3/94	*
28.	Koney Island Sporting Co. Ltd. (Coney Island Sporting Co. Ltd.)	Edmonton	$ 2,000	Nov.23/94 (Apr.21/02)	No. 4
1896					
29.	The Calgary Turf Association	Calgary	$ 3,000	Sept.28/96	*
1897					
30.	The Medicine Hat Trading Co. (Ltd.)	Medicine Hat	$ 10,000	June 12/97	No. 5
31.	The Star Mining Co. (Ltd.)	South Edmonton	$ 5,000	Aug.9/97	*
32.	The Prince-Kerr Ranch Co. (Ltd.)	Calgary	$ 30,000	Oct.30/97 (July 14/04)	No. 6
1898					
33.	The Bulletin Co. (The Bulletin Co., Ltd.	Edmonton	$ 5,000 (50,000)	Apr.26/98 (Nov.24/05)	* No.242 (No. 13)

Name of Company	Alberta Centre	Authorized capital	Date of Incorporation	A.N.
34. La Compagnie de Moulins de Morinville, Limitee	Morinville	$ 2,500	July 28/98	*
35. The Free Lance Publishing Co.	Wetaskiwin	$ 1,500	July 28/98	*
36. The Lethbridge Sheep Co.	Lethbridge	$ 20,000	Nov.11/98 (Apr.15/05)	No.978 (No.372)
1899				
37. The Calgary Clothing Co., Ltd.	Calgary	$ 10,000	Jan.6/99 (July 14/02)	No. 7
38. The Lacombe Co-operative Association	Lacombe	$ 3,000	Feb.23/99 (Sept.25/02)	*
39. The Union Threshing Co., Ltd.	Lamoureux	$ 4,000	Feb.23/99 (Apr.25/02)	*
40. The Drowning Ford Ranch Co., Ltd.	Medicine Hat	$ 40,000	Mar.6/99 (July 23/02)	No. 8
41. The Lethbridge Co-operative Association	Lethbridge	$ 10,000	Mar.6/99 (May 2/02)	No. 9
42. The Medicine Hat Ranch Co. (Ltd.)	Medicine Hat	$ 75,000	June 1/99 (May 12/02)	No. 8A
43. Farmer's Milling Co., Ltd.	Fort Saskatchewan	$ 30,000	June 1/99	*
44. The Edmonton Printing Co., Ltd.	Edmonton	$ 5,000	June 30/99	*
45. La Compagnie d'Elevateur et de Moulin à Farine de Morinville, Limitée	Morinville	$ 15,000	Sept.11/99	*
46. The Boston and North West Copper and Gold Mining Co.	Calgary	$1,000,000	Nov.13/99	*

Name of Company	Alberta Centre	Authorized capital	Date of Incorporation	A.N.
47. The Advertiser Publishing Co.	Edmonton	$ 5,000	Nov.13/99	*
48 The Calgary Milling Co.	Calgary	$ 99,900	Dec.9/99	No. 9A
49. La Compagnie de Moulins de Beaumont, Limitée	Beaumont	$ 4,000	Dec.14/99	*
50. The Cochrane Trading Co.	Cochrane	$ 10,000	Dec.14/99	*
1900				
51. The Cardston Implement Co., Ltd.	Cardston	$ 15,000	Mar.26/00 (June 12/02)	No. 10
52. The Vebaree Ranch Co. (Ltd.)	Calgary	$ 20,000	Mar.26/00 (Apr.10/02)	No. 11
53. The Inter-Western Pacific Exhibition Co. (Ltd.)	Calgary	$ 5,000	Mar.26/00 (June 20/02)	No. 12
54. La Cie de Moulins de Stony Plain, Limitée	Edmonton	$ 4,000	June 28/00	*
55. The Edmonton Industrial Exhibition Association	Edmonton	$ 15,000	Aug.2/00 (May 7/02)	No. 13
56. The Calgary Exchange Co., Ltd.	Calgary	$ 10,000	Dec.12/00 (July 14/02)	No. 14
1901				
57. The Calgary Tent and Mattress Co.	Calgary	$ 10,000	Feb.12/01 (July 14/02)	*
58. The Rocky Mountain Development Co.	Calgary	$ 80,000	Feb.12/01 (Jan.5/03)	No. 15

Name of Company	Alberta Centre	Authorized capital	Date of Incorporation	A.N.
59. The People's Co-operative Society, Ltd.	Calgary	$ 10,000	Feb.27/01 (July 14/02)	No. 16
60. The Medicine Hat Agricultural and Exhibition Co., Ltd.	Medicine Hat	$ 10,000	June 3/01 (Dec.2/02)	No. 17
61. The Alberta Music Co., Ltd.	Calgary	$ 25,000	June 24/01	No. 18
62. The Many Island Lake Sheep Ranch Co., Ltd.	Walsh	$ 15,000	June 24/01	No. 19.
63. The Strathcona Electric Light Co., Ltd.	Strathcona	$ 10,000	July 22/01	*
64. The Canada Territories Corporation, Ltd.			Aug.20/01	*
65. The Calgary Saddlery Co.	Calgary	$ 25,000	Oct. 4/01	No. 20
66. The Canadian American Coal and Coke Co., Ltd.	Frank	$2,500,000	Oct.18/01	No. 21
67. The Alberta Star Printing and Publishing Co., Ltd.	Cardston	$ 2,000	Nov.2/01	No. 22
68. The Vogel Meat and Packing Co., Ltd.	Strathcona	$ 30,000	Dec.16/01	No. 23
69. The Northwest Jobbing and Commission Co.	Lethbridge	$ 60,000	Dec.26/01	No. 24
1902				
70. The Bow River Ranching and Development Co. Ltd.	Calgary	$ 75,000	Jan.8/02	No. 25
71. The Love and Tanner Ranch Co., Ltd.			Jan.8/02	*
72. The Red Deer Brick Co., Ltd.	Red Deer		Feb.8/02	*
73. The Western Manufacturing Co., Ltd.			Feb.11/02	*

Name of Company		Alberta Centre	Authorized capital	Date of Incorporation	A.N.
74.	Calgary Oatmeal Mills Co., Ltd.	Calgary	$ 100,000	Feb.24/02	No. 26
75.	The A. Macdonald Co., Ltd.	Lethbridge	$ 10,000	Mar.1/02	No. 27
76.	The Edmonton Post Printing and Publishing Co., Ltd.			Mar.7/02	*
77.	The Great West Trading Co., Ltd.			Apr.19/02	*
78.	The Banff Sanatorium Co., Ltd.	Banff	$ 150,000	Apr.21/02	No. 28
79.	The Red Deer Lumber Co.	Red Deer		May 31/02	*
80.	The Spring Creek Ranching Company of Canada, Ltd.			June 11/02	*
81.	The Alberta Telephone Co., Ltd.	Blairmore	$ 5,000	June 18/02	No. 30
82.	The Canadian-American Land Co., Ltd.			June 20/02	*
83.	The Calgary Water Power Co., Ltd.	Calgary	$ 100,000	July 4/02	No.113 (No.240)
84.	The Rose Glen Ranching Co., Ltd.	Medicine Hat	$ 25,000	July 14/02	No. 31
85.	The Telephone and Light Co., Ltd.			July 25/02	*
86.	The Mineral Transportation Co., Ltd.			Aug.18/02	*
87.	The Victoria Grocery Co., Ltd.	Calgary	$ 25,000	Aug.21/02	No. 32
88.	The Calgary Gun Club	Calgary	$ 3,000	Sept.8/02	No. 33
89.	The Great West Ranching Co., Ltd.			Sept.16/02	*

	Name of Company	Alberta Centre	Authorized capital	Date of Incorporation	A.N.
90.	The New Edinburgh Gas Water and Land Co., Ltd.	Medicine Hat	$ 10,000	Sept.29/02	No. 34
91.	Raymond Milling and Elevator Co., Ltd.	Raymond	$ 50,000	Oct.17/02	No. 35
92.					
92.	The Beaver Creek Stock Ranching Co., Ltd.			Oct.17/02	*
93.	Knight Sugar Co., Ltd.	Raymond	$1,000,000	Oct.17/02	No. 36
94.	The Alberta Grain Co., Ltd.	Strathcona	$ 100,000	Oct.23/02	No. 37
95.	The Medicine Hat Milling Co., Ltd.	Medicine Hat	$ 30,000	Oct.29/02	No. 38
96.	The Alberta Publishing Co.	Calgary	$ 14,000	Oct.29/02	No. 39
97.	The North-West Lumber Co., Ltd.	Ponoka	$ 20,000	Oct.29/02	No. 40
98.	The Ashford Ranching Co., Ltd.	Medicine Hat	$ 50,000	Nov.3/02	No. 41
99.	The Red Deer Lumber and Brick Co., Ltd.	Red Deer	$ 50,000	Nov.17/02	No. 42
100.	The North-West Coal and Coke Co., Ltd.	Macleod	$3,000,000	Nov.25/02	No. 43
101.	The Red Deer Rink Co.	Red Deer	$ 5,000	Nov.25/02	No. 44
102.	The Saskatchewan Mining and Development Co., Ltd.			Nov.29/02	*
103.	The Alberta Coal and Coke Co., Ltd.	Macleod	$1,000,000	Dec.15/02	No. 45
104.	The Lethbridge Electric Co., Ltd.	Lethbridge	$ 100,000	Dec.16/02	No. 63
105.	The Western Telephone Co., Ltd.	Red Deer	$ 50,000	Dec.17/02	No. 46
106.	The Claresholm Co-operative Co., Ltd.	Claresholm	$ 25,000	Dec.19/02	No. 47

	Name of Company	Alberta Centre	Authorized capital	Date of Incorporation	A.N.
107.	The Knight Ranching Co.			Dec.24/02	*
108.	The Medicine Hat Manufacturing Co.	Medicine Hat		Dec.29/02	*
1903					
109.	Ross Bros. Ltd.	Edmonton	$ 250,000	Jan.5/03	No. 48
110.	The Winnedosa Ranching Co., Ltd.	Medicine Hat	$ 30,000	Jan.12/03	No. 49
111.	The Sorlien-O'Connor Canada Land Co., Ltd.			Jan.20/03	*
112.	The Commerical Traders Co., Ltd.	Edmonton	$ 30,000	Jan.26/03	No. 50
113.	The Lethbridge Brick and Terracotta Co. Ltd.	Lethbridge	$ 25,000	Feb. 6/03	No. 51
114.	The Alberta Investment Co., Ltd. (The Alberta Trust and Investment Co., Ltd.)	Calgary	$ 50,000	Feb.12/03	No. 52
115.	The Red Deer Land Co., Ltd.	Red Deer	$ 50,000	Mar.2/03	No. 53
116.	The Great West Implement Co.	Edmonton	$ 100,000	Mar.9/03	No. 54
117.	The Bentley Co., Ltd.	Lethbridge	$ 50,000	Mar.13/03	No. 55
118.	Cushing Brothers Co., Ltd.	Calgary	$ 200,000	Mar.21/03	No. 56
119.	The Morinville Milling Co. Ltd.	Edmonton	$ 30,000	Mar.23/03	No. 57
120.	The Alberta Development Co., Ltd.	Edmonton	$ 150,000	Apr.6/03	No. 58
121.	The Edmonton Clothing Co., Ltd.	Edmonton	$ 15,000	Apr.15/03	No. 59

Name of Company		Alberta Centre	Author-ized capital	Date of Incorp-oration	A.N.
122.	The Public School Swimming Association, Ltd.	Calgary	$ 5,000	May 4/03	No. 60
123.	D. Wade Co., Ltd.	Leduc	$ 100,000	May 15/03	No. 61
124.	The Gazelle Live Stock Co., Ltd.	Innisfail	$ 200,000	May 21/03	No. 62
125.	The Alberta Stock Yards Co. (Ltd.)	Calgary	$ 200,000	June 1/03	No. 64
126.	The Herald Co., Ltd. (The Herald Job Printing Co., Ltd.)	Calgary	$ 10,000	June 3/03 June 15/03)	* No. 75
127.	The Medicine Hat Times Printing Co., Ltd.	Medicine Hat	$ 5,000	June 5/03	No. 65
128.	The Medicine Hat Land and Improvement Co., Ltd.	Medicine Hat	$ 60,000	June 26/03	No. 66
129.	The Horse Track Co., Ltd.	Langdon	$ 20,000	July 10/03	No. 67
130.	The Alberta Herald Publishing Co., Ltd.	Edmonton	$ 10,000	Aug.1/03	No. 68 (No.168)
131.	The Walsh Ranching Co., Ltd.	Walsh	$ 20,000	Aug.7/03	No. 69
132.	The Red Deer Exhibition Association Ltd.	Red Deer	$ 10,000	Aug.15/03	No. 70 (No.171)
133.	The Sage Creek Ranching and Land Co., Ltd.	near Medicine Hat	$ 50,000	Aug .20/03	No. 72 (No.173)
134.	The Edmonton Industrials Agency Ltd.	Edmonton	$ 10,000	Aug.21/03	No. 73 (No.174)
135.	The Medicine Hat Woollen Mills Co., Ltd.	Medicine Hat	$ 150,000	Aug.25/03	No. 71
136.	The Grand Forks Cattle Co., Ltd.	near Medicine Hat	$ 150,000	Aug.28/03	No. 76 (No.181)

Name of Company	Alberta Centre	Authorized capital	Date of Incorporation	A.N.
137. The Calgary Gas Co., Ltd.	Calgary	$ 100,000	Aug.28/03	No. 74 (No.177)
138. The Western Canada Land and Development Co., Ltd.			Sept.4/03	* (No.179)
139. The Rosenroll Lumber Co., Ltd.	Wetaskiwin	$ 60,000	Sept.5/03	No. 77 (No.180)
140. The Innisfail Fair Grounds Association Ltd.	Innisfail	$ 5,000	Sept.10/03	No. 78 (No.181)
141. The Edmonton Iron Works Ltd.	Edmonton	$ 25,000	Sept.15/03	No. 79 (No.183)
142. Raymond Mercantile Co., Ltd.	Raymond	$ 40,000	Sept.18.03	No. 80 (No.184)
143. The Edmonton Coal Co., Ltd.	Edmonton	$ 50,000	Sept.24/03	No. 81 (No.185)
144. The Blairmore Coal and Coke Co.	Blairmore		Sept.24/03	* (No.186)
145. The Alberta Brewing and Malting Co., Ltd.	Edmonton	$ 250,000	Oct.5/03	No. 82 (No.189)
146. The Edmonton Wool and Wood Co., Ltd.	Edmonton	$ 50,000	Oct.12/03 (Apr.18/04)	No.119 (No.190)
147. The High River Land and Investment Co., Ltd.	High River	$ 40,000	Oct.22/03	No. 83 (No.191)
148. The Ada Ranch Co., Ltd.	Calgary	$ 10,000	Oct.30/03	No. 84 (No.194)
149. The Breckinridge-Lund Lumber and Coal Co. Ltd.	Calgary	$ 20,000	Nov.9/03	No. 85 (No.196)

Name of Company	Alberta Centre	Authorized capital	Date of Incorporation	A.N.
150. The West View Ranch Co., Ltd.	Calgary	$ 50,000	Nov.10/03	No. 86 (No.197)
151. H.R. Foulger and Company, Ltd.	Lacombe	$ 25,000	Nov.10/03	No. 87 (No.198)
1904				
152. The Park Reserve Ranch Co., Ltd.	Pincher Creek	$ 20,000	Feb.13/04	No.102
153. The Plympton Ranching Co., Ltd.	Medicine Hat	$ 75,000	Feb.13/04	No.103 (No.221)
154. The Pincher Creek Telephone Co., Ltd.	Pincher Creek	$ 10,000	Feb.18/04	No.105 (No.223)
155. John Sommerville and Sons, Ltd.	Edmonton	$ 50,000	Feb.22/04	No.104 (No.225)
156. Brewster Manufacturing Co., Ltd.	Edmonton	$ 60,000	Feb.22/04	No.106 (No.224)
157. The Edmonton Brewing and Malting Co., Ltd.	Edmonton	$ 100,000	Feb.25/04	No.107 (No.227)
158. Quigley and De Vienne, Ltd.	Cochrane	$ 15,000	Feb.26/04	No.108 (No.228)
159. The Breckenridge and Lund Coal Co.	Lundbreck	$ 500,000	Feb.29/04	No.114 (No.229)
160. The Lethbridge Brewing and Malting Co., Ltd.	Lethbridge	$ 60,000	Mar.1/04	No.109 (No.230)
161. Strauss Piano Co., Ltd.	Edmonton	$ 50,000	Mar.2/04	No.110 (No.231)

Name of Company		Alberta Centre	Authorized capital	Date of Incorporation	A. N.
162.	The Law Cattle Co., Ltd.	Medicine Hat	$ 50,000	Mar.10/04	No.111 (No.232)
163.	The Galway Ranching Co., Ltd.			Mar.11/04	* (No.234)
164.	The Wetaskiwin Sash and Door Co., Ltd.	Wetaskiwin	$ 15,000	Mar.14/04	No.112 (No.235)
165.	The Calgary Sanatorium Ltd.	Calgary	$ 10,000	Mar.13/04	No.126 (No.237)
166.	The Crow's Nest Pass Jobbing Co., Ltd. (The Crow's Nest Jobbing Co., Ltd.)	Blairmore	$ 20,000	Mar.24/04	No.115 (No.242)
167.	The Alberta Electrical Supply and Construction Co., Ltd.	Edmonton	$ 50,000	Mar.28/04	No.116 (No.241)
168.	The Knee Hill Coal Co., Ltd.	Calgary	$ 500,000	Apr.8/04	No.117 (No.244)
169.	Lethbridge Iron Works Co., Ltd.	Lethbridge	$ 50,000	Apr.18/04	No.120 (No.245)
170.	The South Alberta Land and Colonization Co., Ltd.	Lethbridge	$ 50,000	Apr.18/04	No.118 (No.246)
171.	The Edmonton Printing and Publishing Co., Ltd.	Edmonton	$ 5,000	Apr.21/04	No.121 (No.248)
172.	The Alberta Condensed Milk and Cream Co., Ltd.	Calgary	$ 50,000	Apr.22/04	No.122 (No.249)
173.	The Henderson Land Co., Ltd.			Apr.25/04	* (No.250)

Name of Company	Alberta Centre	Authorized capital	Date of Incorporation	A. N.
174. The Strathcona Industrial Exhibition Association, Ltd.	Strathcona	$ 10,000	Apr.25/04	No.124 (No.251)
175. The Blindman River Electric Power Co., Ltd.	Red Deer	$ 30,000	Apr.25/04	No.123 (No.252)
176. The Alberta Sandstone Co., Ltd.	Calgary	$ 75,000	May 3/04	No.128 (No.264)
177. The East and West Ranching Co., Ltd.	Calgary	$ 75,000	May 7/04	* (No.255)
178. The Standard Liquor and Trading Co., Ltd.			May 12/04	* (No.257)
179. The Calgary Construction Co., Ltd.	Calgary	$ 50,000	May 12/04	No.127 (No.258)
180. The Saskatchewan River Trading and Transportation Co., Ltd.	Edmonton	$ 20,000	May 14/04	No.129 (No.259)
181. The North Alberta Land Co., Ltd.	Red Deer	$ 50,000	May 18/04	No.130 (No.260)
182. The North-West Mortgage Co., Ltd.	Edmonton	$ 500,000	May 20/04	No.125 (No.262)
183. Raymond Pasture Co., Ltd.	Raymond	$ 14,000	May 23/04	No.131 (No.263)
184. The Calgary Masonic Temple Co., Ltd.	Calgary	$ 40,000	June 1/04	No.132 (No.265)
185. The High River Polo Club Ltd.	High River	$ 2,000	June 18/04	No.133 (No.267)

Name of Company		Alberta Centre	Authorized capital	Date of Incorporation	A.N.
186.	The High River Elevator and Lumber Co., Ltd.	High River	$ 50,000	June 27/04	No.134 (No.268)
187.	The Alberta Building Co., Ltd.	Calgary	$ 40,000	July 2/04	No.135 (No.270)
188.	The Vee Bar Vee Brand Ranching Co., Ltd.	Macleod	$ 40,000	July 13/04	No.137 (No.272)
189.	The Western Mercantile Ltd.	Blairmore	$ 40,000	July 13/04	No.136 (No.273)
190.	The Edmonton Stock Yards Co., Ltd.	Edmonton	$ 60,000	July 25/04	No.138 (No.274)
191.	Northern Coal and Lumber Co., Ltd.	Edmonton	$ 50,000	July 25/04	No.139 (No.275)
192.	Alberta Agencies, Ltd.	Edmonton	$ 10,000	July 25/04	No.140 (No.276)
193.	Georgeson, Ltd.	Calgary	$ 100,000	July 29/04	No.141 (No.279)
194.	The Western Builders Supply Co. (The Smith Brothers Manufacturing Co., Ltd.)			Aug.8/04	* (No.281)
195.	The Dunbow Ranching Co., Ltd.	Calgary	$ t0,000	Aug.15/04	No.142 (No.283)
196.	The Western General Electric Co., Ltd.	Red Deer	$ 100,000	Sept.1/04	No.143 (No.297)
197.	The Whitelaw Co., Ltd.	Edmonton	$ 50,000	Sept.12/04	No.144 (No.299)
198.	H.S. Allen and Company, Ltd.	Cardston	$ 100,000	Sept.16/04	No.145 (No.300)

Name of Company	Alberta Centre	Authorized capital	Date of Incorporation	A.N.
199. The Cardston Milling Co., Ltd.	Cardston	$ 40,000	Sept.16/04	No.146 (No.301)
200. The Great West Land Co., Ltd.	Edmonton	$ 50,000	Oct.4/04	No.147 (No.303)
201. Alberta Sheep Co., Ltd.	Lethbridge	$ 40,000	Oct.7/04	No.149 (No.307)
202. The Piper Brick and Tile Co., Ltd.	Red Deer	$ 40,000	Oct.12/04	No.148 (No.306)
203. The Olds Mercantile Co., Ltd.	Olds	$ 25,000	Oct.21/04	No.150 (No.312)
204. The Calgary Lumber and Manufacturing Co., Ltd.	Calgary	$ 10,000	Oct.24/04	No.151 (No.313)
205. Clyde Telephone Co., Ltd.			Nov.1/04	* (No.314)
206. The Farmers' Elevator Company of Carstairs	Carstairs	$ 9,000	Nov.11/04	No.152 (No.315)
207. The Strathcona Rink Co. Ltd.	Strathcona	$ 10,000	Nov.13/04	No.153 (No.317)
208. The Alberta Building Block Co., Ltd.	Calgary	$ 10,000	Nov.18/04	No.154 (No.319)
209. The Royal Canadian Co-operative Loan Co., Ltd.	Calgary	$ 100,000	Nov.23/04	No.155 (No.322)
210. The Rushton Lumber and Grain Co., Ltd.	Sparling	$ 20,000	Nov.24/04	No.156 (No.324)
211. The Codville Smith Co., Ltd.	Calgary	$ 100,000	Nov.24/04	No.157 (No.325)

Name of Company	Alberta Centre	Authorized capital	Date of Incorporation	A.N.
212. The Alberta Supply Co., Ltd.	Calgary	$ 15,000	Nov.26/04	No.158 (No.326)
213. The Alberta Sash and Door Co., Ltd.	Calgary	$ 25,000	Dec.9/04	No.159 (No.327)
214. The Hammond-Sellye Horse Ranch, Ltd.	Lethbridge	$ 50,000	Dec.9/04	No.160 (No.328)
215. The Commonwealth Trading Co., Ltd.	Warwick	$ 10,000	Dec.15/04	No.161 (No.330)
216. Parrish Brothers, Ltd.	Mountainview	$ 25,000	Dec.16/04	No.162 (No.331)
217. The Assiniboia Gas and Oil Co., Ltd.			Dec.20/04	* (No.333)
218. Saskatchewan Wood Manufacturers, Ltd.	Edmonton	$ 15,000	Dec.22/04	No.163 (No.334)
219. Tabor Coal Mining Co., Ltd.	Tabor	$ 200,000	Dec.22/04	No.164 (No.335)
220. The Harvey Simmons Co., Ltd.	Fort Saskatchewan	$ 12,000	Dec.27/04	No.165 (No.336)
221. The Egg Lake Oil Co., Ltd.	Edmonton	$ 100,000	Dec.27/04	No.166 (No.337)
222. The Frank Reality Co., Ltd.	Frank	$ 10,000	Dec.27/04	No.167 (No.338)
223. Union Stock Association Ltd.	Raymond	$ 20,000	Dec.31/04	No.168 (No.339)

Name of Company	Alberta Centre	Authorized capital	Date of Incorporation	A.N.
1905				
224. The Milk River Cattle Co., Ltd.	Milk River	$ 200,000	Jan.23/05	No.169 (No.341)
225. The Stony Creek Lumber Co., Ltd.	Sparling	$ 9,000	Jan.16/05	No.170 (No.342)
226. The Calgary Lime and Cement Co., Ltd.	Calgary	$ 50,000	Jan.25/05	No.171 (No.343)
227. W.H. Clark and Company, Ltd.	Edmonton	$ 100,000	Jan.30/05	No.172 (No.345)
228. Great Northern Lumber Co., Ltd.			Jan.30/05	* (No.347)
229. The Macleod Electric Light and Power Co., Ltd.	Macleod	$ 18,000	Feb.2/05	No.173 (No.348)
230. The Winterburn Farm Co., Ltd.	Winterburn	$ 25,000	Feb.9/05	No.174 (No.350)
231. The Calgary Colonization Co., Ltd.	Calgary	$ 5,000	Feb.9/05	No.175 (No.357)
232. The Canadian-American Oil Co., Ltd.	Edmonton	$1,000,000	Feb.17/05	No.176 (No.352)
233. The Nanton Lumber and Grain Co., Ltd.	Nanton	$ 20,000	Feb.20/05	No.177 (No.353)
234. Fort Saskatchewan Industrial Exhibition Association	Fort Saskatchewan	$ 5,000	Feb.25/05	No.178 (No.356)
235. John Walter Ltd.	Strathcona	$ 200,000	Feb.28/05	No.179 (No.357)

Name of Company	Alberta Centre	Authorized capital	Date of Incorporation	A.N.
236. Western Warehouse and Transfer Co., Ltd.	Lethbridge	$ 25,000	Mar.9/05	No.180 (No.358)
237. The Great Northern Milling Co., Ltd.	Vermillion	$ 40,000	Mar.17/05	No.181 (No.362)
238. The Otaskwan Horse Co., Ltd.	Otaskwan Siding	$ 2,500	Mar.20/05	No.182 (No.363)
239. The Didsbury Milling Co., Ltd.	Didsbury	$ 15,000	Mar.27/05	No.183 (No.364)
240. The Calgary Building Society, Ltd.	Calgary	$ 500,000	Mar.30/05	No.184 (No.365)
241. The Star Trading Co., Ltd.	Wetaskiwin	$ 12,000	Mar.31/05	No.186 (No.366)
242. The Blackfalds Milling Co., Ltd.	Blackfalds	$ 15,000	Apr.5/05	No.185 (No.368)
243. Standard Soap Co., Ltd.	Calgary	$ 50,000	Apr.8/05	No.187 (No.370)
244. The Home Coal Co., Ltd.	Edmonton	$ 10,000	Apr.13/05	No.188 (No.371)
245. Medicine Hat Brick and Gas Co., Ltd.	Medicine Hat	$ 50,000	Apr.20/05	No.189 (No.373)
246. Alberta Lumber Co., Ltd.	Edmonton	$ 50,000	Apr.25/05	No.190 (No.374)
247. The Western Fuel and Supply Co., Ltd.			Apr.29/05	* (No.375)
248. The McDonald Simpson Co., Ltd.	Calgary	$ 40,000	May 1/05	No.191 (No.377)
249. The Edmonton Oil Co., Ltd.	Edmonton	$ 150,000	May 5/05	No.192 (No.379)

Name of Company	Alberta Centre	Author-ized capital	Date of Incorp-oration	A.N.
250. The Alberta Meat Packing Co., Ltd.	Fort Saskatchewan	$ 50,000	May 8/05	No.193 (No.381)
251. Edmonton Stock Exchange, Ltd.	Edmonton	$ 10,000	May 8/05	No.194 (No.382)
252. The Jackson Wood and Fuel Co., Ltd.	Laggan	$ 40,000	May 8/05	No.195 (No.383)
253. The Farm and Ranch Review Co., Ltd.	Calgary	$ 25,000	May 13/05	No.196 (No.385)
254. The Curry and Constantine Co., Ltd.	Innisfail	$ 20,000	May 19/05	No.197 (No.387)
255. Alberta Pacific Elevator Co., Ltd.	Calgary	$ 10,000	May 19/05	No.198 (No.388)
256. A. McBride and Company, Ltd.	Calgary	$ 60,000	May 20/05	No.199 (No.389)
257. The Douglas Co., Ltd.	Edmonton	$ 50,000	May 29/05	No.200 (No.391)
258. The Walsh Scale Co., Ltd.	Walsh	$ 1,000	June 2/05	No. 201 (No.393)
259. The B.B. Oil and Mines Co.	Cardston	$ 100,000	June 2/05	No.202 (No.394)
260. Alberta Milling Co., Ltd.	Edmonton	$ 100,000	June 10/05	No.203 (No.397)
261. The Daysland Trading Co., Ltd.	Daysland	$ 50,000	June 10/05	No.204 (No.398)
262. The Pacific Cartage Co., Ltd.	Calgary	$ 50,000	June 15/05	No.205 (No.400)

Name of Company	Alberta Centre	Author-ized capital	Date of Incorp-oration	A.N.
263. North-West Electric Co., Ltd.	Calgary	$ 20,000	June 16/05	No.206 (No.401)
264. Municipal Water and Light Co., Ltd.	Pincher Creek	$ 25,000	June 16/05	No.208 (No.402)
265. Edmonton Trust Co., Ltd.	Edmonton	$ 10,000	June 19/05	No.207 (No.403)
266. The Cameron Co., Ltd.	Edmonton	$ 6,000	June 19/05	No.210 (No.404)
267. The Journal Co., Ltd.	Edmonton	$ 25,000	June 19/05	No.209 (No.405)
268. The Reliance Coal Mining Co. Ltd.	Taber	$ 500,000	June 22/05	No.211 (No.407)
269. The Western Milling Co., Ltd.	Calgary	$ 150,000	June 22/05	No.212 (No.408)
270. The Medicine Hat Lumber and Manufacturing Co., Ltd.	Medicine Hat	$ 25,000	July 3/05	No.213 (No.4.11
271. Interior Lumber Co., Ltd.	Calgary	$ 250,000	July 5/05	No.214 (No.412)
272. Skead and Company, Ltd.	Calgary	$ 25,000	July 17/05	No.215 (No.414)
273. The Alberta Land Co., Ltd.	Calgary	$ 25,000	July 21/05	No.216 (No.415)
274. The Canadian North-West Oil Co., Ltd.	Lethbridge	$ 500,000	July 22/05	No.217 (No.416)
275. The Brant Store Ltd.	Brant	$ 25,000	July 27/05	No.218 (No.418)
276. The Ponoka Farmers' Association, Ltd.	Ponoka	$ 10,000	July 28/05	No.219 (No.419)

	Name of Company	Alberta Centre	Authorized capital	Date of Incorporation	A. N.
277.	The Reporter, Ltd.	Fort Saskatchewan	5,000	Aug.4/05	No.220 (No.420)
278.	The Medicine Hat Turf Co., Ltd.	Medicine Hat	$ 5,000	Aug.18/05	No.221 (No.424)
279.	The Great West Annuity Association, Ltd.	Edmonton	$ 25,000	Aug.28/05	No.222 (No.425)
280.	The Calgary Steam Laundry Co., Ltd.	Calgary	$ 50,000	Aug.28/05	No.223 (No.426)
281.	The Calgary Natural Gas Co., Ltd.	Calgary	$ 100,000	Aug.28/05	No.224 (No.427)
282.	The Strathmore Live Stock Co., Ltd.	Strathmore	$ 20,000	Aug.28/05	No.225 (No.428)
283.	The Alberta and Western Land and Ranching Co., Ltd.	Calgary	$ 100,000	Aug.29/05	No.226 (No.430)
284.	The Walsh Trading Co., Ltd.	Walsh	$ 25,000	Aug.30/05	No.227 (No.431)
285.	The Advanced Telephone Co., Ltd.	Claresholm	$ 5,000	Aug.31/05	No.228 (No.435)
286.	The Pass Power and Lighting Co., Ltd.	Macleod	$ 12,000	Aug.31/05	No.229 (No.436)
287.	The Calgary Cool Storage and Produce Exchange Co., Ltd.	Calgary	$ 125,000	Sept.15/05	No.230 (No. 1)
288.	The Red Deer Mill and Elevator Co., Ltd.	Red Deer	$ 40,000	Sept.28/05	No.231 (No. 2)

Name of Company	Alberta Centre	Authorized capital	Date of Incorporation	A.N.
289. The St. Albert Milling Co., Ltd.	St. Albert	$ 25,000	Oct.9/05	No.232 (No. 3)
290. The Western Realty Co., Ltd.	Edmonton	$ 10,000	Oct.10/05	No.233 (No. 4)
291. The Eye-Opener Publishing Co., Ltd.	Calgary	$ 20,000	Oct.10/05	No.234 (No. 5)
292. The Claresholm Lumber and Grain Co., Ltd.	Claresholm	$ 20,000	Oct.10/05	No.235 (No. 6)
293. The Bartholomew Co., Ltd.	Calgary	$ 10,000	Oct.10/05	No.236 (No. 7)
294. The Didsbury Elevator Co., Ltd.	Didsbury	$ 60,000	Octo.16/05	No.237 (No. 8)
295. Le Courrier de l'Ouest Publishing Co., Ltd.	Edmonton	$ 10,000	Oct.23/05	No.238 (No. 9)
296. The Enterprise Lumber Co., Ltd.	Lethbridge	$ 30,000	Nov.14/05	No.239 (No. 10)
297. The News Print, Ltd.	Lethbridge	$ 30,000	Nov.20/05	No.240 (No. 11)
298. The Pioneer Furnishing Co.	Calgary	$ 10,000	Nov.22/05	No.241 (No. 12)
299. The City Coal Co., Ltd.	Edmonton	$ 10,000	No.29/05	No.242 (No. 14)
300. Bullwell Coal and Iron Mines Co., Ltd.	Calgary	$1,500,000	Dec.4/05	No.244 (No. 15)
301. Staples and Company, Ltd.	Calgary	$ 100,000	Dec.8/05	No.245 (No. 16)
302. Alberta Lands Agents and Bankers, Ltd.	Claresholm	$ 100,000	Dec.8/05	No.246 (No. 17)

Name of Company	Alberta Centre	Authorized capital	Date of Incorporation	A.N.
303. The Lamerton Mercantile Co.	Lamerton	$ 25,000	Dec.9/05	No.247 (No. 18)
304. The Alberta Steam Laundry Co., Ltd.	Calgary	$ 20,000	Dec.12/05	No.248 (No. 19)
305. The Battle River Land and Investment Co.	Calgary	$ 40,000	Dec.15/05	No.249 (No. 20)
306. The Canadian Annuity and Savings Co., Ltd.	Calgary	$ 100,000	Dec.16/05	No.250 (No. 21)
307. Alberta Nursery and Seed Co., Ltd.	Calgary	$ 25,000	Dec.18/05	No.251 (No. 22)
308. Cannell and Spencer Construction Co., Ltd.	Edmonton	$ 50,000	Dec.19/05	No.252 (No. 23)
309. Canadian Pacific Irrigation Colonization Co. (Ltd.)	Calgary	$ 100,000	Dec.21/05	No.253 (No. 24)
310. The Edmonton Lumber Co., Ltd.	Edmonton	$ 60,000	Dec.22/05	No.254 (No. 25)
311. The German American Colonization Co.	Calgary	$ 25,000	Dec.26/05	No.255 (No. 26)
312. The Okotoks Electric Co. Ltd.	Coleman	$ 20,000	Dec.27/05	No.256 (No. 27)
313. The Huff Grading Co., Ltd.	Edmonton	$ 10,000	Dec.28/05	No. 257 (No. 28)

[1] The table attempts to list all those privately-owned companies based in the area of Alberta (as currently defined) which were incorporated under the N.W.T. Companies Ordinances before the end of 1905. Thus, for example, companies which were subsequently dissolved, companies which were merely "paper creations", and companies which were essentially co-operative and/or not-for-profit in character are included.

The first Companies Ordinance ("An Ordinance respecting the Incorporation of Joint Stock Companies by Letters Patent") was No. 3 of the Ordinances of the North-West Territories of 1886, passed on November 3, 1886. It was amended by Ordinance No. 9 of 1887 and became Chapter 30 of the Revised Ordinances of 1888. It was further amended by Ordinance No. 12 of 1890, by Ordinance No. 17 of 1891-92 by Ordinance No. 40 of 1898, and became Chapter 61 of the Consolidated Ordinances of 1898. A new Companies Ordinance ("An Ordinance respecting Companies") was approved as Chapter 20 of the Ordinances of 1901. This Ordinance replaced the letters patent form of incorporation with the memorandum of association form of incorporation (beginning with The Alberta Music Co., Ltd.). It then became Chapter 61 of the Ordinances of 1905.

Thereafter, the Companies Ordinance was amended by Chapter 5 of the Statutes of Alberta of 1907, by Chapter 4 of the Statutes of 1911-12, by Chapter 9 of the Statutes of 1913 (First Session), by Chapter 20 of the Statutes of 1913 (Second Session), by Chapter 10 of the Statutes of 1914, by Chapter 3 of the Statutes of 1916, by Chapters 4 and 30 of the Statutes of 1918, and by Chapter 4 of the Statutes of 1922. It became "The Companies Act" ("An Act respecting Companies") as Chapter 156 of the Revised Statutes of 1922. The lineal descendent of the Companies Act exists today as the Companies Act, Chapter 60 of the Revised Statutes of 1970.

The table was constructed from two sources. Firstly, there were the records of the Registrar of Companies, which are now on microfiche in the Companies Branch of the Provincial Government. With the formation of the Provinces of Saskatchewan and Alberta in 1905, the N.W.T. records were partitioned, and those respecting Alberta-based companies transferred to Edmonton. The records, especially for the earliest years, were incomplete and poorly organized by comparison to the contemporary records. Secondly, there were reports in the volumes of the North-West Territories Gazette spanning the years 1884 to 1905, and the Alberta Gazette for the months of September to December 1905. These records also had weaknesses, such as typographical errors, but they tended to be more complete.

[2] There is some variation, particularly in punctuation and use of the preposition "The" in many company names. More significant variations, especially if occurring in later re-incorporations, have been placed in parentheses beneath the main listing.

[3] The Alberta centre refers to the municipality or area of Alberta where

the "chief place of business" or "registered office" was located. During 1901 the Gazette records ceased to state a chief place of business or authorized capital, hence some entries where the Registrar of Companies has no corresponding record are omitted.

[4] Where there was a change in authorized capital, the authorized capital at the time of incorporation is listed.

[5] If there appeared a conflict between the date of incorporation as listed in the Gazette and as listed in records of the Registrar of Companies, the earlier of the two dates was used. Companies re-incorporated as a result of new legislation, or to change the conditions of their incorporation, or for other reasons have the re-incorporation date(s) listed in parentheses beneath the earliest incorporation date.

[6] The * indicates a situation where the incorporation is recorded in the Gazette but not in the main records of the Registrar of Companies. The administrative number, e.g. No. 1, etc., refers to the file number of the company in the records held by the Registrar of Companies. The administrative number, e.g. (No. 1)--in parentheses--where used, refers to the administrative number listed in the Gazette. The N.W.T. Gazette lists "The Pass Power and Lighting Co., Ltd." as having the last Territorial administrative number--(No. 436)-- while the Alberta Gazette lists "The Calgary Cool Storage and Exchange Co., Ltd." as having the first Provincial administrative number--(No. 1).

Table A.2

Dissolutions of Companies Incorporated in the N.W.T.[1]

	Name of Company		Date struck from register
1.	The Star Mining Co., Ltd.	(A)[2]	July 2/02
2.	The Grenfell Turf Club Co., Ltd.	(S)[2]	June 17/04
3.	The Prince Albert Electric Light and Power Co., Ltd.	(S)	
4.	The Free Lance Publishing Co., Ltd.	(A)	
5.	The Heaslip-Lawton Co., Ltd.	(S)	
6.	The Fleming Farmers Elevator Co., Ltd.	(S)	
7.	The Hamilton Hardware Co., Ltd.	(S)	
8.	Calgary Tent and Mattress Co., Ltd.	(A)	Oct. 20/04
9.	Rosthern Implement Co., Ltd.	(S)	
10.	Saskatoon Music Hall Co., Ltd.	(S)	
11.	Union Threshing Co., Ltd.	(A)	
12.	Beaver Creek Stock Raising Co., Ltd.	(A)	
13.	Paul Packing Co., Ltd.	(S)	
14.	The Saskatoon Drug Co., Ltd.	(S)	Nov. 23/04
15.	The Cardston Drug Co., Ltd.	(A)	
16.	The Farmers' Electric, Water and Telephone Co., Ltd.	(S)	
17.	Love and Tanner Ranch Co., Ltd.	(A)	May 17/05
18.	The Exchange Telephone Co., Ltd.	(A)	
19.	The Medicine Hat Manufacturing Co., Ltd.	(A)	
20.	The Blairmore Coal and Coke Co., Ltd.	(A)	

	Name of Company		Date struck from register
21.	The Antler Elevator Co., Ltd.	(S)	
22.	The Wapells Farmers' Elevator Co., Ltd.	(S)	May 27/05
23.	Prince Albert Elevator Co., Ltd.	(S)	Oct. 3/05
24.	Despatch Printing Co., Ltd.	(S)	

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[1] The dissolutions listed here comprise all those recorded in the North-West Territories Gazette (the first twenty-two) and in the Saskatchewan Gazette for September to December 1905 (the last two). The Alberta Gazette recorded no dissolutions as occurring during September to December 1905. Hence, the list includes all dissolutions officially recorded as occurring in the area of the N.W.T. prior to 1906.

[2] (A) indicates a company based in the area of Alberta (as currently defined); (S) indicates a company based in Saskatchewan.

Table A.3

Changes in the Capital Stock of Companies Incorporated in the N.W.T.[1]

	Name of Company	Change of Capital Stock	Date Authorized
1.	The Calgary Lumber Co. Ltd.	$ 85,000 to $170,000	May 5/88
2.	The Cardston Co., Ltd.	$ 15,000 to $ 25,000	May 9/00
3.	The Drowning Ford Ranch Co., Ltd.	$ 40,000 to $200,000	Mar. 14/03
4.	The North-West Jobbing and Commission Co., Ltd.	$ 60,000 to $120,000	June 26/05
5.	The Carlyle Farmers' Elevator Co., Ltd.	$ 7,000 to $ 12,500	July 28/05
6.	The Alberta Telephone Co., Ltd.	$ 5,000 to $ 20,000	Oct. 10/05
7.	The Grand Forks Cattle Co., Ltd.	$150,000 to $500,000	Nov. 30/05

[1] Increases or decreases to capital stock could be carried out by incorporated companies under the provisions of certain sections of the Companies Ordinances of the N.W.T.. The cases listed here comprise all those recorded in the North-West Territories Gazette (the first five) and in the Alberta Gazette for September to December 1905 (the last two). The Saskatchewan Gazette recorded no cases as occurring during September to December 1905. Hence, the list is for the entire N.W.T. prior to 1906, although only one of the companies listed (The Carlyle Farmers' Elevator Co., Ltd.) was based in Saskatchewan.

Table A.4

Incorporations of Privately-Owned Companies in Alberta by Special N.W.T. Ordinances[1]

Name of Company	Alberta Centre[2]	Authorized Capital[3]	Date of Incorporation[4]
1878-79[5]			
1. La Corporation Episcopale Catholique Romaine de St. Albert	St. Albert	---	Aug. 2/78
1887			
2. The Calgary Gas and Waterworks Co. (Ltd.)	Calgary	$ 100,000	Nov.19/87
3. The Macleod General Hospital	Macleod	---	Nov.19/87
1888			
4. The College of Physicians and Surgeons of The North-West Territories	---	---	Dec.11/88
1889			
5. The Calgary Water Power Co. (Ltd.)	Calgary	$ 100,000	Nov.22/89
6. The Medicine Hat General Hospital	Medicine Hat	---	Nov.22/89
1890			
7. The Calgary General Hospital	Calgary	---	Nov.29/90
8. The Lethbridge Waterworks and Electric Light Co. (Ltd.)	Lethbridge	$ 100,000	Nov.29/90

Name of Company	Alberta Centre	Authorized Capital	Date of Incorporation
1891-92			
9. Dairymen's Association of the North-West Territories	---	---	Jan.25/92
10. The Pharmaceutical Association of the North-West Territories	---	---	Jan.25/92
11. The Synod and Parishes of the Diocese of Calgary	Calgary	---	Jan.25/92
12. The Ranchmen's Club	Calgary	---	Jan.25/92
1894			
13. The Galt Hospital	Lethbridge	---	Sept.7/94
1895			
14. The Catholic Parishes and Missions in the Diocese of St. Albert	St. Albert	---	Sept.30/94
1896			
15. The Western Stock Grower's Association	---	---	Oct.30/96
1897			
16. The Dental Association of the North-West Territories	---	---	Dec.15/97
17. The President and High Council of the Alberta Stake of Zion	---	---	Dec.15/97
1898			
18. The Law Society of the Territories	---	---	Sept.19/98

	Name of Company	Alberta Centre	Authorized Capital	Date of Incorporation
1899				
19.	The Edmonton Club	Edmonton	---	Apr.29/99
20.	The Peace River Gold Dredging Co., Ltd.	Edmonton	$3,000,000	Apr.29/99
1900				
21.	The Board of Trustees of the Presbyterian Church in Canada	---	---	May 4/00
22.	The Provident Trust and Investment (Edmonton) Co., Ltd.	Edmonton	$ 500,000	May 4/00
23.	The Edmonton Public Hospital	Edmonton	---	May 4/00
1901				
24.	The British Canadian Trust and Guarantee Co.	Lethbridge	$ 500,000	June 12/01
25.	The Saskatchewan Exploration Co. Ltd.	Edmonton	$2,000,000	June 12/01
26.	The Chinook Club	Lethbridge	---	June 12/01
1902				
27.	The Roman Catholic Bishop of the Apostolic Vicariate of Athabasca	---	---	Apr.19/02
28.	Les Soeurs de Charité de la Providence des Territories du Nord Ouest	---	---	Apr.19/02
29.	The Red Deer Memorial Hospital	Red Deer	---	Apr.19/02
30.	The Memorial Hospital of Pincher Creek	Pincher Creek	---	Apr.19/02

Name of Company	Alberta Centre	Authorized Capital	Date of Incorporation
1903			
31. Western Canada College	Calgary	---	June 19/03
32. The Western Canada Historical Society	---	---	June 19/03
33. The Macleod Club	Macleod	---	June 19/03
34. The Bishop of the Russo-Greek Catholic Orthodox Church	---	---	June 19/03
35. The Cypress Club	Medicine Hat	---	Nov.21/03
1904			
36. Alberta College	Edmonton	---	Oct. 8/04
37. The Alberta Club	Calgary	---	Oct. 8/04
38. The English Club	Medicine Hat	---	Oct. 8/04
39. The Sisters of Mercy of the North-West Territories	Edmonton	---	Oct. 8/04
40. The Range Stock Growers' Association of Medicine Hat	Medicine Hat	---	Oct. 8/04
41. D.R. Fraser and Company, Ltd.	Edmonton	$ 125,000	Oct. 8/04
42. The Strathcona Radial Tramway Co., Ltd.	Strathcona	$ 200,000	Oct. 8/04
43. The Investors' Guarantee Corporation of Canada	Calgary	$ 100,000	Oct. 8/04

[1] Private groups could request the N.W.T. Council (and, later, the Provincial Legislature) by means of petition to pass private ordinances (or statutes). Hence, there grew up a large body of private ordinances and statutes together with the public ordinances and statutes.

[2] Where an Alberta centre is not stated in the ordinance, or where it was not obvious from the name of the company and, particularly, where the incorporated body was intended to operate throughout the Territories without a specified centre, no Alberta centre is listed in the table.

[3] Where an amount was stated in the ordinance, it has been entered. In other ordinances, limits on borrowing and/or qualifications for membership and directorship were stated. Generally, although all the companies listed were incorporations of privately-owned companies, those companies listed with an authorized capital can be treated as typical private profit seeking firms while others might be benevolent, charitable, or not-for-profit organizations.

[4] The dates of incorporation listed are the dates the ordinances were finally approved or received assent.

[5] These are the official dates of the legislative session. In addition to some earlier years, there were no special ordinances passed in 1905.

Table A.5

Incorporations of Privately-Owned Companies in Alberta under the N.W.T. Butter and Cheese Manufacturing Associations Ordinances[1]

	Name of Company	Date of Incorporation[2]
1.	The Edmonton Butter and Cheese Association	May 25/93
2.	The Red Deer Dairy Assoc.	May 26/93
3.	The Edmonton District Butter and Cheese Manufacturing Assoc.	Mar. 16/97
4.	The Innisfail Union Butter and Cheese Manufacturing Assoc.	Apr. 1/97
5.	The Wetaskiwin Dairying Assoc.	Aug. 30/97
6.	The Rosebud Dairy Co.	Aug. 30/00
7.	The Red Deer Butter and Cheese Manufacturing Assoc.	Sept. 11/00
8.	The Lacombe Butter and Cheese Manufacturing Assoc.	Dec. 22/02
9.	The Blackfalds Butter and Cheese Manufacturing Assoc.	Dec. 29/02
10.	The Pine Lake Creamery Assoc.	Feb. 29/04
11.	The Medicine Valley Creamery Assoc.	Sept. 6/04
12.	The Aetna Creamery Co.	Nov. 11/04
13.	The Eagle Hill Butter and Cream Manufacturing Assoc.	Feb. 13/05
14.	The Clover Bar Butter and Cheese Manufacturing Assoc.	May 15/05

[1] "An Ordinance to Provide for the Incorporation of Butter and Cheese Manufacturing Associations" (Ordinances of the North-West Territories, 1889, No. 13) first received assent on Novamber 22, 1889. It was amended by Ordinance No. 6 of 1890, by Ordinance No. 32 of 1892, and by Ordinance No. 38 of 1897. In the last-named Ordinance it was referred to as "The Dairyman's Ordinance" ("An Ordinance respecting the Manufacture of Butter and Cheese"). It became Chapter 65 of the Consolidated Ordinances of 1898 and, finally, Chapter 65 of the Ordinances of 1905, in both cases having as its brief title, "The Dairymen's [sic] Ordinance".

Thereafter, it was repealed and replaced by Chapter 16 of the Statutes of Alberta of 1907, called "The Dairymen's Act" ("An Act respecting the Manufacture of Butter and Cheese"). It then became Chapter 162 of the Revised Statutes of 1922. Today, there still exists a Dairymen's Act, Chapter 83 of the Revised Statutes of 1970.

[2] Upon filing a declaration of a prescribed form, the minimum five or more persons desiring to establish the butter and cheese manufacturing association became "a body corporate".

Table A.6

Incorporations of Privately-Owned Companies in Alberta under the N.W.T. Cemeteries Ordinances[1]

Name of Company	Date of Incorporation[2]
1. The Wetaskiwin Cemetery Co.	Jan. 31/98
2. The Scandia Cemetery Co.	Aug. 21/99
3. The Clover Bar Cemetery Co.	Mar. 11/01
4. The Strathcona Cemetery Co.	June 24/01
5. The Ponoka Cemetery Co.	Sept. 23/01
6. The Leduc Cemetery Co.	May 16/02
7. The Hope Cemetery Co.	May 28/02
8. The Rouleau Cemetery Co.	Dec. 19/02
9. The Bohemian General Cemetery Company of Tabor	Sept. 8/03
10. The Rosenroll Cemetery Co.	June 6/04
11. The Mount Auburn Cemetery Co.	June 13/04
12. Zion Cemetery Co. (near Northern)	July 13/04
13. The Blackfalds Cemetery Co.	Aug. 19/05
14. The Fairview Cemetery Co.	Nov. 6/05

[1] The first Cemeteries Ordinance, "An Ordinance to Incorporate Companies for the Establishment of Cemeteries" (Ordinances of the North-West Territories, 1886, No. 9) was passed November 16, 1886. It became Chapter 24 of the Revised Ordinances of 1888 and was amended by No. 23 of the Ordinances of 1896. It then became Chapter 68 of the Consolidated Ordinances of 1898. Finally, it appeared as Chapter 68 of the Ordinances of 1905.

Thereafter, the Cemeteries Ordinance was amended in Chapter 3 of the Statutes of Alberta of 1917. It became "The Cemetery Act" ("An Act respecting Cemeteries") as Chapter 166 of the Revised Statutes of Alberta, 1922. In 1960, The Cemetery Act became "The Cemetery Companies Act" (as distinct from "The Cemeteries Act", a new statute) by Chapter 12 of the Statutes of 1960. The Cemetery Companies Act appeared as Chapter 40 of the Revised Statutes of 1970.

[2] Upon filing a statement (a legal "instrument") of a prescribed form, the minimum twenty or more persons desiring to establish a cemetery company became "a body corporate".

Table A.7

Incorporations of Alberta "Lodges" under the N.W.T. Masonic Incorporation Ordinance[1]

	Name of Company	Date of Registration
1.	Edmonton Lodge, No. 53	Aug. 3/97
2.	Acacia Lodge, No. 66 (at Strathcona)	June 9/03
3.	Red Deer Lodge, No. 73	Apr. 8/09
4.	Medicine Hat Lodge, No. 31	Nov.26/04

[1] An ordinance providing for the incorporation of Masonic Lodges ("An Ordinance respecting the Incorporation of Subordinate Lodges of the Grand Lodge of Manitoba Ancient, Free and Accepted Masons") received assent on September 30, 1895. This ordinance, No. 34 of the Ordinances of 1895, was requested by private petition. In order to become incorporated, individual lodges or unions of lodges were required to follow a registration process with the Territorial authorities.

Table A.8

Incorporations of Privately-Owned Companies in Alberta under the N.W.T. Mutual Fire Insurance Ordinance[1]

	Name of Company	Alberta Centre	Date of Incorporation[2]
1.	The Alberta Mutual Fire Insurance Co.	Edmonton	Dec. 9/03
2.	The Macleod Mutual Fire Insurance Co.	Macleod	Apr.27/04
3.	The North-West Mutual Fire Insurance Co.	Strathcona	June 30/09

[1] The first Mutual Fire Insurance Ordinance ("An Ordinance respecting Mutual Fire Insurance"), Chapter 21 of the Ordinances of 1903, Second Session, was assented to on March 21, 1903. It became Chapter 120 of the Ordinances of 1905.

Thereafter, it became "The Mutual Fire Insurance Act" ("An Act respecting Mutual Fire Insurance") in Chapter 173 of the Revised Statutes of Alberta of 1922. Then, the Mutual Fire Insurance Act was repealed and supplanted by "The Alberta Insurance Act, 1926" ("An Act respecting Insurance"), Chapter 31 of the Statutes of 1926. Today, there still exists an Alberta Insurance Act, Chapter 187 of the Revised Statutes of 1970.

[2] Upon filing a certificate of a prescribed form with a ten dollar fee, the minimum 30 or more persons desiring to establish the mutual fire insurance company become "a body corporate".

Table A.9

Registrations under N.W.T. Trust Companies Ordinances[1]

	Name of Company	Date of registration
1.	The General Trust Corporation of Canada	Sept. 7/94
2.	The National Trust Co. Ltd.	April 19/02
3.	The Toronto General Trusts Corporation	April 25/03
4.	The Union Trust Co.	Sept. 25/03
5.	The Standard Trusts Co.	Oct. 10/03
6.	The Royal Trust Co.	Nov. /04

[1] Trust company legislation empowered registered trust companies to perform functions such as executor, administrative trustee, guardian, receiver, etc., as a corporate body in the N.W.T. Registration of the first three trust companies was accomplished by special ordinances, respectively: *Ordinances* of 1894, No. 42, "An Ordinance Respecting the General Trust Corporation of Canada"; *Ordinances* of 1902, Chapter 25, "An Ordinance respecting the National Trust Co., Ltd."; and *Ordinances* of 1903, Chapter 44, "An Ordinance Respecting The Toronto General Trusts Corporation".

The last three trust companies were registered under "The Trust Companies Ordinance" ("An Ordinance respecting Trust Companies"), Chapter 15 of the *Ordinances* of 1903, First Session, which first received assent on June 19, 1903. It became Chapter 112 of the *Ordinances* of 1905.

Thereafter, the Trust Companies Ordinance was amended by Chapter 2 of the *Statutes of Alberta* of 1910, Second Session, by Chapter 2 of *Statutes* of 1914, and by Chapter 29 of the *Statutes* of 1918. It became "Trust Companies Act" ("An Act respecting Trust Companies") as Chapter 167 of the *Revised Statutes* of 1922. Today, there still exists a Trust Companies Act, Chapter 372 of the *Revised Statutes* of 1970.

The companies listed are registered for the entire N.W.T., not only for the area of Alberta.

Table A.10

Registrations of "Foreign" Companies in the N.W.T.[1]

Name of Company	Place of foreign incorporation, if stated (F.I.)[3]	Date of registration (D.R.)[4]	Administrative number, if stated (A.N)[5]
1887[6]			
1. The Canada North-West Land Co. (Ltd.)	Dominion	July 7/87 (Nov. 4/01) (Aug.10/03)	(No. 82)
2. The North of Scotland Canadian Mortgage Co. (Ltd.)	Imperial	July 23/87 (Oct. 1/01) (Aug. 8/03)	(No. 74)
1888			
3. The Quorn Ranch Co. (Ltd.)		Dec. 18/88	
1889			
4. The Canadian Co-operative Colonization Co. (Ltd.)		Sept.30/89	
1890			
5. The Canada North-West Coal and Lumber Syndicate, Ltd.		May 7/90	
1891			
6. The Canadian Alliance Farming Co., Ltd.		Feb. 27/91	
7. The Canadian Homestead Settlement Co., Ltd.		Mar. 17/91	
8. The Canadian Agricultural Coal and Colonisation Co., Ltd.		Mar. 26/91	

	Name of Company	F.I.	D.R.	A.N.
9.	Calgary and Medicine Hat Land Co., Ltd.		Apr. 15/91	
10.	The Dominion Building and Loan Association		July 11/91	
11.	Canadian Mutual Loan and Investment Co.		July 31/91	
12.	The North-West Trading Company of Canada, Ltd.		Nov. 3/91	
1892				
13.	The Canadian Pacific Loan and Investment Co., Ltd.		Jan. 18/92	
14.	The Freehold Loan and Savings Co.		Nov. 24/92	
1893				
15.	Standard Loan and Savings Co. (The Standard Loan Co.)	Ontario	Jan. 26/93 (Nov. 21/00) (Aug. 20/03)	(No. 98)
1894				
16.	Canada Settlers Loan and Trust Co. Ltd.		June 8/94	
17.	Manitoba and North-Western Land Corporation, Ltd.		June 8/94	
1896				
18.	The Grand Council of the Canadian Order of Chosen Friends		July 23/96	

	Name of Company	F.L.	D.R.	A.N.
1897				
19.	The Reliance Loan and Savings Co. (The Reliance Loan and Savings Company of Ontario)	Ontario	Feb. 24/97 (Dec.31/02) (Aug.11/03	(No. 90)
20.	The Hamilton Cattle Co.	Ontario	June 24/97	
1898				
21.	The Wawanese Mutual Insurance Co. (The Wawanesa Mutual Insurance Co.)	Manitoba	Mar. 18/98 (Dec. 31/01) (Aug.26/03)	(No. 112)
22.	The Martin, Bole and Wynne Co.	Manitoba	Aug. 13/98 (Oct.30/03)	(No. 161)
23.	The John Abell Engine and Machine Works Co.	Ontario	Aug. 29/98 (Oct. 1/01)	
24.	The Miniota Farmers' Mutual Fire Insurance Co.	Manitoba	Oct. 7/98 (Dec.12/01) (July 28/03)	(No. 10)
25.	The Grand Lodge of the Ancient Order of the United Workmen of Manitoba and the North-West Territories (The Ancient Order of United Workmen)	Manitoba	Dec. 7/98 (Sept.24/01) (Aug. 8/03)	(No. 62)
1899				
26.	Manitoba Assurance Co. (The Manitoba Assurance)	Manitoba	Jan 9/99 (Aug.24/03)	
27.	The New Oxley (Canada) Ranch Co.	Imperial	Feb. 10/99	
28.	The Central Canada Fire Insurance Co.	Manitoba	Feb. 10/99 (Nov. 29/01)	

	Name of Company	F.L.	D.R.	A.N.
29.	The Manitoba Trusts Co.	Manitoba	May 2/99	
30.	The Frost and Wood Co.	Ontario	July 7/99 (Oct.23/01) (Sept.21/05)	(No. 135)
31.	The Western Co-operative Loan and Investment Co.	Manitoba	Sept.11/99 (Oct. 28/01) (July 24/03)	(No. 4)
32.	The North-West Fire Insurance Co.	Manitoba	Sept.16/99 (Nov. 22/01) (July 28/02)	(No. 12)
33.	The Brackman-Ker Milling Co.	British Columbia	Dec. 14/99 (Nov.27/01) (July 31/03)	(No. 23)
34.	The Fairchild Co., Ltd.	Manitoba	Dec. 26/99 (Dec. 9/01) (Sept.22/03)	(No. 134)
1900				
35.	The Conrad Investment Co.	Montana U.S.A.	Jan. 31/00 (Nov. 22/01) (July 31/03)	(No. 30)
36.	The Western Canada Accident Benevolent Association	Manitoba	April 27/00	
37.	The National Trust Co.	Ontario	May 8/00 (Sept.30/03) (June 26/05)	(No. 146) (No. 248)
38.	The Colonial Investment Co. (The Colonial Investment Company of Winnipeg)	Manitoba	Aug. 8/00 (Nov.20/01) (July 29/03)	(No. 14)
39.	The British Columbia Permanent Loan and Savings Co.	British Columbia	Aug. 31/00 (Sept.12/01) (Sept.28/03)	(No. 142)

	Name of Company	F.L.	D.R.	A.N.
40.	The Law Union and Crown Insurance Co.	Imperial	Sept. 21/00 (Oct. 10/01) (Aug. 28/03)	(No. 115)
41.	The Western Farmers' Live Stock Insurance Co.	Manitoba	Oct. 4/00 (Dec. 2/01 (July 27/03)	(No. 7)
42.	The Land Corporation of Canada	Imperial	Oct. 19/00	
43.	The Equity Fire Insurance Co.	Ontario	Nov. 26/00 (May 7/02) (Sept. 28/02)	(No. 143)
1901				
44.	The De Laval Separator Co.	New Jersey U.S.A.	Mar. 7/01 (Dec. 31/01) (Aug. 11/03)	(No. 87)
45.	The Alberta Land and Stock Co.	Utah, U.S.A.	Mar. 7/01	
46.	The Home Investment and Savings Association	Manitoba	Mar. 29/01 (Jan. 20/02) (July 25/03)	(No. 5)
47.	Gaar, Scott and Company	Indiana U.S.A.	May 7/01 (Dec. 13/01) (July 31/03)	(No. 35)
48.	The Minneapolis Threshing Machine Co.	Minnesota U.S.A.	May 25/01 (Nov. 25/01) (Aug. 8/03)	(No. 77)
49.	The Canadian Moline Plow Co.	Illinois U.S.A.	June 3/01 (Dec. 4/01) (Aug. 8/03)	(No. 70)
50.	The Calgary and Edmonton Land Co.	Imperial	July 8/01 (Dec. 31/01) (Aug. 7/03)	(No. 50)

	Name of Company	F.L.	D.R.	A.N.
51.	The Winnipeg General Trust Co.	Manitoba	Aug. 9/01	
52.	The Provincial Building and Loan Association	Ontario	Sept. 3/01	
53.	The Anglo-American Fire Insurance Co.	Ontario	Sept. 9/01 (Aug. 7/03)	(No. 56)
54.	The Dominion Permanent Loan Co.	Ontario	Sept. 13/03 (July 31/03)	(No. 28)
55.	The Union Trust Co., Ltd.	Ontario	Sept. 16/03 (Aug. 8/03)	(No. 79)
56.	The British Canadian Loan and Investment Co.	Dominion	Sept. 20/01 (Oct. 23/01) (Aug. 14/03)	(No. 91)
57.	The Queen Insurance Company of America	New York U.S.A.	Sept. 20/01 (July 31/03)	(No. 33)
58.	The Colonial Investment and Loan Co.	Dominion	Sept. 26/01 (Aug. 11/03)	(No. 86)
59.	North American Life Insurance Co. (North American Life Assurance Co.)	Dominion	Oct. 1/01 (Aug. 27/03)	(No. 114)
60.	The Winnipeg Elevator Co.	Dominion	Oct. 1/01 (Aug. 8/03)	(No. 63)
61.	The Western Elevator Co.	Dominion	Oct. 1/01 (Sept. 22/03)	(No. 136)
62.	The Western Assurance Co.	Dominion	Oct. 1/01 (Aug. 25/03)	(No. 109)
63.	The Canada Permanent and Western Canada Mortgage Corporation (The Canada Permanent Mortgage Corporation)	Dominion	Oct. 1/01 (Aug. 29/03)	(No. 116)
64.	The New Walrond Ranch Co.	Dominion	Oct. 1/01 (Aug. 8/03)	(No. 80)

	Name of Company	F.L.	D.R.	A.N.
65.	The Federal Life Assurance Company of Canada	Ontario	Oct. 1/01 (July 31/03)	(No. 21)
66.	The Northern Elevator Co., Ltd.	Dominion	Oct. 1/01 (Sept. 3/03)	(No. 122)
67.	The Dominion Elevator Co., Ltd.	Dominion	Oct. 1/01 (Aug. 31/03)	(No. 119)
68.	The Cochrane Ranch Co., Ltd.	Dominion	Oct. 1/01 (Oct. 3/03)	(No. 151)
69.	The People's Life Insurance Co.	Ontario	Oct. 10/01 (Oct. 12/03)	(No. 157)
70.	W.W. Ogilvie Co. (The Ogilvie Flour Mills Co., Ltd.	Quebec	Oct. 10/01 (Sept. 28/03)	(No. 141)
71.	The London Assurance Co. (London Assurance Corporation)	Imperial	Oct. 10/01 (Oct. 2/03)	(No. 150)
72.	The Quebec Fire Assurance Co.	Quebec	Oct. 23/01 (Aug. 20/03)	(No. 100)
73.	The Singer Manufacturing Co. (The Singer Sewing Machine Co.)	New Jersey U.S.A.	Oct. 23/01 (Aug. 19/03) (Jan. 30/05)	(No. 95) (No. 217)
74.	The Imperial Insurance Co. Ltd.	Imperial	Oct. 23/01	
75.	The Eldredge Brothers Live Stock Co.	Utah, U.S.A.	Oct. 23/01 (Nov. 10/03)	(No. 164)
76.	The Sun Insurance Office	Imperial	Oct. 23/01 (Aug. 24/01)	(No. 107)
77.	The Bell Telephone Company of Canada, Ltd.	Dominion	Oct. 23/01 (Aug. 7/03)	(No. 43)

	Name of Company	F.L.	D.R.	A.N.
78.	The London and Lancashire Fire Insurance Co.	Imperial	Oct. 23/01 (Aug. 20/03)	(No. 101)
79.	The Northern Assurance Co.	Imperial	Oct. 23/01 (Aug. 7/03)	(No. 59)
80.	The Great West Life Assurance Co. (The Great West Assurance Co.)	Dominion	Oct. 23/01 Aug. 8/03)	(No. 72)
81.	The Phoenix Assurance Co. (The Phoenix Assurance Company of London)	Imperial	Oct. 23/01 July 31/03)	(No. 24)
82.	The Mercantile Fire Insurance Co.	Ontario	Oct. 23/01 (Aug.20/03)	(No. 99)
83.	The Caledonia Insurance Co.	Imperial	Oct. 23/01 (Aug. 22/03)	(No. 106)
84.	The Manchester Fire Assurance Co. (The Manchester Assurance Co.)	Imperial	Oct. 23/01 (Aug. 19/03)	(No. 96)
85.	The Globe Savings and Loan Co.	Ontario	Oct. 23/01	
86.	The London Life Insurance Co.	Dominion	Oct. 23/01 (July 31/03)	(No. 34)
87.	The London and Lancashire Assurance Co.	Imperial	Oct. 23/01 (Sept. 30/03)	(No. 148)
88.	The British America Assurance Co.	Ontario	Oct. 23/01 (Sept. 10/03)	(No. 128)
89.	The Royal Insurance Co.	Imperial	Oct. 23/01 (July 30/03)	(No. 19)
90.	The Canada Accident Assurance Co. (The Canada Accident Insurance Co.)	Dominion	Oct. 23/01 (Aug. 22/01)	(No. 105)

	Name of Company	F.L.	D.R.	A.N.
91.	The Dominion of Canada Guarantee and Accident Insurance Co.	Dominion	Oct. 23/01 (July 30/03)	(No. 18)
92.	The Commercial Union Assurance Co., Ltd.	Imperial	Oct. 23/01 (July 29/03)	(No. 15)
93.	The Lake of the Woods Milling Co. Ltd.	Dominion	Oct. 28/01 (Dec. 8/03)	(No. 168)
94.	The Canada Life Assurance Co.	Dominion	Oct. 28/01 (July 3/03)	(No. 29)
95.	The Phenix Insurance Co. (The Phoenix Insurance Co.)	New York U.S.A.	Oct. 29/01 (Aug. 7/03)	(No. 42)
96.	The J.I. Case Threshing Machine Co.	Wisconsin U.S.A.	Oct. 29/01 (Aug. 7/03)	(No. 55)
97.	The Hartford Insurance Co.	Connecticut U.S.A.	(Aug. 8/03)	(No. 60)
98.	The Atlas Insurance Co. (The Atlas Assurance Co., Ltd.)	Imperial	Oct. 31/01 (Aug. 19/03)	(No. 94)
99.	The Mutual Life Assurance Company of Canada	Ontario	Oct. 31/01 (Aug. 7/03)	(No. 41)
100.	The Canada Landed and National Investment Co.	Dominion	Oct. 31/01 (Aug. 7/03)	(No. 39)
101.	The Imperial Oil Co., Ltd.	Dominion	Nov. 1/01 (Oct. 5/03)	(No. 152)
102.	The Norwich Union Fire Insurance Society	Imperial	Nov. 4/01 (Aug. 7/03)	(No. 45)

	Name of Company	F.L.	D.R.	A.N.
103.	The Liverpool, London and Globe Insurance Co. (The Liverpool and London and Globe Insurance Co.)	Imperial	Nov. 5/01 (Aug. 3/03)	(No. 120)
104.	The Hamilton Provident and Loan Society	Dominion	Nov. 5/01 (Aug. 7/03)	(No. 54)
105.	The Winnipeg Western Land Corporation, Ltd.	Dominion	Nov. 7/01 (Aug. 7/03)	(No. 49)
106.	The McCormick Harvesting Machine Co.	Illinois U.S.A.	Nov. 7/01	
107.	The London Mutual Life Insurance Company of Canada	Dominion	Nov. 8/01 (Aug. 21/03)	(No. 102)
108.	The Railways Securities Co.	Dominion	Nov. 11/01 (Aug. 17/03)	(No. 93)
109.	The New York Life Insurance Co.	New York U.S.A.	Nov. 11/01 (Aug. 8/03)	(No. 64)
110.	The Mutual Reserve Fund Life Association (The Mutual Reserve Life Insurance Co.)	New York U.S.A.	Nov. 12/01 (Aug. 7/03)	(No. 53)
111.	The North British and Mercantile Co.	Imperial	Nov. 12/01 (Aug. 7/03)	(No. 40)
112.	The National Insurance Company of Ireland (The National Assurance Company of Ireland)	Imperial	Nov. 14/01 (Aug. 22/02)	(No. 104)
113.	The Trust and Loan Co. (The Trust and Loan Company of Canada)	Imperial	Nov. 19/01 (Aug. 20/03)	(No. 97)
114.	The Mutual Life Insurance Co.	New York U.S.A.	Nov. 22/01 (Aug. 8/03)	(No. 78)

	Name of Company	F.L.	D.R.	A.N.
115.	The London Guarantee and Accident Co., Ltd.	Imperial	Nov. 25/01 (Aug. 8/03)	(No. 73)
116.	The Canadian Railway Accident Insurance Co.	Dominion	Nov. 25/01 (Aug. 7/03)	(No. 47)
117.	The Winnipeg General Trusts Co.	Manitoba	Nov. 25/01	
118.	The Manufacturers and Temperance and General Life Assurance Co. (The Manufacturers Life Insurance Co.)	Manitoba	Nov. 25/01 (Aug. 10/03)	(No. 83)
119.	The Western Canada Accident and Benevolent Association	Manitoba	Nov. 26/01 (July 27/03)	(No. 9)
120.	The Rock Island Flow Co.	Illinois, USA	Nov. 29/01 (Sept. 25/03)	(No. 139)
121.	The Canadian Birkbeck Investment and Savings Co.	Ontario	Dec. 4/01 (Aug. 10/03)	(No. 84)
122.	The Conrad Price Cattle Co.	Montana U.S.A.	Dec. 9/01 (Oct. 12/03)	(No. 156)
123.	The Travelers' Insurance Company (Accident Department) (The Travelers Insurance Co.)	Connecticut U.S.A.	Dec. 9/01 (Aug. 8/03)	(No. 76)
124.	The Maple Creek (Canada) Cattle Co., Ltd.	Imperial	Dec. 11/01 (Nov. 16/03)	(No. 166)
125.	The Royal Victoria Mutual Fire Insurance Co.	Manitoba	Dec. 12/01 (July 28/03)	(No. 11)
126.	The Confederation Life Association	Dominion	Dec. 23/01 (Aug. 1/03)	(No. 36)

	Name of Company	F.L.	D.R.	A.N.
127.	The Guardian Fire and Life Assurance Co. Ltd. (The Guardian Assurance Co., Ltd.)	Imperial	Dec. 23/01 (Aug. 26/03)	(No. 113)
128.	The United Gold Fields of British Columbia, Ltd.	British Columbia	Dec. 28/01 (Aug. 8/03)	(No. 61)
129.	The Qu'Appelle, Long Lake and Saskatchewan Land Co., Ltd.	Imperial	Dec. 31/01 (Aug. 7/03)	(No. 98)
130.	The Sun Life Assurance Company of Canada (The Sun Life Assurance Co.)	Dominion	Dec. 31/01 (Aug. 10/03)	(No. 81)
131.	The Phoenix Insurance Company of Hartford	Connecticut U.S.A.	Dec. 31/01 (Aug. 1/03)	(No. 37)
1902				
132.	The Free Homestead Co., Ltd.	Dominion	Jan. 13/02	
133.	The Glengarry Ranch Co., Ltd.	Dominion	Jan. 20/02	
134.	The Ottawa Fire Insurance Co.	Dominion	Feb. 3/02 (Aug. 8/03)	(No. 71)
135.	The Equitable Life Assurance Society (The Equitable Life Assurance of the United States)	New York U.S.A.	Feb. 6/02 (Sept. 8/03)	(No. 127)
136.	The Home Life Association of Canada	Dominion	Feb. 17/02 (Aug. 8/03)	(No. 68)
137.	North-West Thresher Co.	West Virginia U.S.A.	Mar. 3/02 (Feb. 16/04)	(No. 177)
138.	The Continental Life Insurance Co.	Dominion	Mar. 8/02 (Sept. 10/03)	(No. 129)

	Name of Company	F.L.	D.R.	A.N.
139.	The Canada Land and Colonization Co., Ltd.	Manitoba	Mar. 15/02 (July 30/03	(No. 17)
140.	The Cockshutt Plow Co., Ltd.	Dominion	Mar. 17/02 (Aug. 1/03)	(No. 38)
141.	R.A. Lister and Company, Ltd.	Imperial	Mar. 22/02	
142.	The Sarnia Ranching Co., Ltd.	Dominion	Apr. 1/02	
143.	Gordon, Ironside and Fares Co., Ltd.	Dominion	Apr. 1/02 (Oct. 23/03)	(No. 159)
144.	The Buffalo Pitts Co.	New York,USA	Apr. 3/02 (Aug. 8/03)	(No. 65)
145.	The Willmar Realty Co.	Minnesota, USA	Apr. 4/02 (July 27/03)	No. 118 (No. 8)
146.	The Manitoba Land and Investment Co., Ltd.	South Dakota U.S.A.	Apr. 4/02 (Sept. 3/03)	No. 121 (No. 123)
147.	The Canadian Land and Ranch Co., Ltd.	Imperial	Apr. 10/02 (July 27/03) (Aug. 14/05)	(No. 6) (No. 257)
148.	The Excelsior Life Insurance Co.	Ontario	Apr. 14/02 (Sept. 26/03)	(No. 140)
149.	The Toronto General Trusts Corporation	Ontario	Apr. 14/02	
150.	The Occidental Fire Insurance Co.	Manitoba	May 7/02	No. 124
151.	The Kootenay Supply Co., Ltd.	Imperial	May 7/02	No. 125
152.	The Royal Trust Co.	Quebec	May 19/02 (Aug. 7/03)	No. 127 (No. 44)

	Name of Company	F.L.	D.R.	A.N.
153.	The Canadian Investment Co.	South Dakota U.S.A.	May 27/02 (July 31/03)	No. 131 (No. 22)
154.	De Nederlandsch Amerikaansche Land Maatschappy (The Netherlands American Land Co.)	Netherlands	June 2/02 (July 31/03)	No. 128 (No. 27)
155.	The North-West Colonization Co.	Manitoba	June 3/02 (July 30/03)	No. 129 (No. 16)
156.	Assiniboia Land and Investment Co.	Minnesota U.S.A.	June 3/02 (Aug. 21/03)	No. 130 (No. 103)
158.	The Conrad Circle Cattle Co.	Montana U.S.A.	July 3/02 (July 31/03)	(No. 31
159.	American Surety Co.	New York, USA	July 14/02 (Sept.28/03)	(No. 145)
160.	The Cresswell Cattle Co.	Colorado U.S.A.	Aug. 4/02 (Aug.12/03)	(No. 88)
161.	The American Abell Engine and Thresher Co., Ltd.	Ontario	Aug. 15/02 (Aug. 25/03)	(No. 110)
162.	The Sorlien-O'Connor Land Co.	Minnesota U.S.A.	Sept. 2/02 (Aug. 8/03)	(No. 69)
163.	The McHugh-Christensen Co.	Minnesota U.S.A.	Sept. 12/02 (July 31/03)	(No. 20)
164.	The Truesdell Elevator Co.	Minnesota U.S.A.	Sept. 15/02 (Aug. 8/03)	(No. 67)
165.	The Port Huron Engine and Thresher Co.	Michigan U.S.A.	Sept. 25/02	
166.	The Dominion-American Land Co., Ltd.	Manitoba	Sept. 30/02 (July 31/03)	(No. 25)

	Name of Company	F.L.	D.R.	A.N.
167.	The International Harvestor Company of America	Wisconsin U.S.A.	Oct. 7/02 (Aug. 8/03)	(No. 66)
168.	The Sun and Hastings Savings and Loan Company of Ontario	Ontario	Oct. 8/02 (July 28/03)	(No. 13)
169.	The Vancouver Petroleum Syndicate, Ltd.	British Columbia	Oct. 29/02	
170.	The Minnesota-Canada Land and Investment Co.	Minnesota U.S.A.	Nov. 8/02 (Oct. 12/03)	(No. 155)
171.	The Alliance Assurance Co. Ltd. (The Alliance Insurance Co., Ltd.)	Imperial	Nov. 10/02 (Sept. 21/03)	(No. 134)
172.	The Grant-Armstrong Land Co.	Wisconsin U.S.A.	Dec. 2/02 (Sept. 14/03)	(No. 132)
173.	The Guelph and Ontario Investment and Savings Society	Ontario (Upper Canada)	Dec. 20/02 (Sept. 2/03)	(No. 121)
1903				
174.	The Wrought Iron Range Co., Ltd.	Missouri U.S.A.	Jan. 14/03 (Nov. 13/03)	(No. 165)
175.	The International Coal and Coke Co., Ltd.	Washington U.S.A.	Jan. 28/03 (Aug. 11/03)	(No. 85)
176.	The North Western Investment Co. (The North-Western Investment Co.)	Manitoba	Feb. 2/03 (Sept. 30/03)	(No. 147)
177.	The British Canadian Wheat Raising Co. Ltd.	Ontario	Feb. 7/03	
178.	The Canadian Co-operative Investment Co., Ltd.	Manitoba	Feb. 9/03 (Aug. 7/03)	(No. 51)

	Name of Company	F.L.	D.R.	A.N.
179.	Willmar Canadian Land Co., Ltd.	Manitoba	March 7/03	
180.	The Standard Trusts Co., Ltd.	Manitoba	Mar. 23/03 (Aug. 7/03)	(No. 46)
181.	The Nichols and Shepard Co.	Michigan U.S.A.	Mar. 27/03 (July 31/03)	(No. 26)
182.	The Eastern and Western Land Corporation, Ltd.	Ontario	Apr. 8/03 (Aug. 7/03)	(No. 57)
183.	Canadian-Port Huron Co., Ltd.	Manitoba	May 16/03	
184.	Ontario, Manitoba and Western Land Co., Ltd.	Manitoba	May 16/03 (Aug.13/03)	(No. 90)
185.	The Central Canada Insurance Co.	Manitoba	May 22/03 (Aug. 8/03)	(No. 75)
186.	The United States Land Co.	Wisconsin U.S.A.	May 28/03 (Sept.4/03)	(No. 126)
187.	The United States Fidelity and Guaranty Co.	Maryland U.S.A.	June 11/03 (July 20/03)	(No. 3)
188.	The Great West Permanent Loan and Savings Co.	Manitoba	June 15/03 (Aug. 7/03)	(No. 52)
189.	Imperial Elevator Co.		July 20/03	No. 1
190.	The London and Canadian Loan Co., Ltd.		July 31/03	No. 32
191.	Deer Creek Cattle Co.		Aug. 15/03	No. 92
192.	The McDonald McMillan Co.		Aug. 26/03	No. 111
193.	Western Oil and Coal Co., Ltd.		Aug. 31/03	No. 117
194.	Colonial Elevator Co., Ltd.		Aug. 31/03	No. 118
195.	The Rideau Ranch Co. Ltd.		Sept. 3/03	No. 124

	Name of Company	F.L.	D.R.	A.N.
196.	The Andrews-Gage Grain Co., Ltd.		Sept. 4/03	No. 125
197.	The Sylvester Manufacturing Co., Ltd.		Sept.12/03	No. 130
198.	North Star Grain Co.		Sept.14/03	No. 131
199.	Reeves and Company		Sept. 9/03	No. 133
200.	Export Elevator Co., Ltd.		Sept.28/03	No. 144
201.	The Red Lumber Co., Ltd.		Sept.30/03	No. 149
202.	The Crown Grain Co., Ltd.		Oct. 7/03	No. 153
203.	The British American Trust Co., Ltd.		Oct. 8/03	No. 154
204.	The Mason and Risch Piano Co.		Oct.14/03	No. 158
205.	The Union Loan and Investment Co., Ltd.		Oct.27/03	No. 160
206.	East End Cattle Co.		Nov. 3/03	No. 162
207.	The Dominion Life Assurance Co.		Nov.10/03	No. 163
208.	The McLean and Douglas Manitoba Land Co.		Nov.23/03	No. 167
209.	The Toronto Life Insurance Co.		Dec.11/03	No. 169
210.	The Imperial Co-operative Investment Co., Ltd.		Dec.14/03	No. 170
211.	The John Stevens Co., Ltd.		Dec.31/03	No. 171
1904				
212.	The National Manufacturing Co., Ltd.		Jan. 4/04	No. 172
213.	The Standard Life Assurance Co.		Jan. 5/04	No. 173
214.	The Canadian Elevator Co., Ltd.		Jan. 6/04	No. 174

	Name of Company	D.R.	A.N.
215.	The Crown Co-operative Loan Co., Ltd.	Jan.12/04	No. 175
216.	The Bole Drug Co. Ltd.	Jan.30/04	No. 176
217.	The Lost Mountain Valley Land and Development Co., Ltd.	Feb.19/04	No. 178
218.	The Sovereign Co-operative Investment Co., Ltd.	Feb.26/04	No. 179
219.	The Prairie Lumber Co., Ltd.	Mar.10/04	No. 180
220.	The Metzel Live Stock Co.	Mar.18/04	No. 181
221.	The Dominion Realty Co., Ltd.	Apr. 5/04	No. 182
222.	Canada Grocers, Ltd.	Apr.11/04	No. 183
223.	The Universal Co-operative Investment Co., Ltd.	Apr.20/04	No. 184
224.	The Imperial Life Assurance Company of Canada	Apr.22/04	No. 185
225.	The Waterloo Manufacturing Co., Ltd.	Apr.28/04	No. 186
226.	David M. McLean Land Co., Ltd.	Apr.29/04	No. 187
227.	The Canadian Northern Land Co., Ltd.	May 12/04	No. 188
228.	Luse Land Co.	May 16/04	No. 189
229.	American-Canadian Land Co.	May 28/04	No. 190
230.	Union Mutual Life Insurance Co.	May 30/04	No. 191
231.	German American Land Co., Ltd.	June 6/04	No. 192
232.	The Ontario Loan and Debenture Co., Ltd.	June 10/04	No. 193
233.	The Northern Co-operative Investment and Loan Co.	June 17/04	No. 194
234.	Home Insurance Company of New York	July 25/04	No. 196

	Name of Company	D.R.	A.N.
235.	The Landed Banking and Loan Co.	July 25/04	No. 197
236.	Western Canadian Colleries Ltd.	July 28/04	No. 198
237.	The Royal Loan and Savings Co.	Aug.13/04	No. 201
238.	The Montreal-Canada Fire Insurance Co.	Aug.20/04	No. 199
239.	American Land Investment Co.	Aug.23/04	No. 200
240.	The Order of United Commercial Travellers of America	Sept. 6/04	No. 202
241.	The J.H. Ashdown Hardware Co., Ltd.	Sept.16/04	No. 207
242.	The Pacific Coast Fire Insurance Co.	Sept.23/04	No. 204
243.	G.F. Stephens and Company Ltd.	Sept.29/04	No. 205
244.	National Cash Register Co.	Oct. 4/04	No. 206
245.	Edwards-Wood Co.	Oct.12/04	No.207
246.	Larson Lumber Co.	Oct.12/04	No. 208
247.	The Vulcan Iron Works Ltd.	Oct.14/04	No. 209
248.	The Hastings (British Columbia) Exploration Syndicate Ltd.	Oct.17/04	No. 210
249.	The Coe Commission Co.	Oct.21/04	No. 211
250.	The New York Plate Glass Co.	Oct.26/04	No. 212
251.	Maryland Casualty Co.	Nov.12/04	No. 213
252.	The Macpherson Fruit Co. Ltd.	Nov.29/04	No. 214
253.	Wisconsin-Canadian Land Co.	Nov.29/04	No. 215
1905			
254.	Scottish Union and National Insurance Co.	Jan.30/05	No. 217

	Name of Company	D.R.	A.N.
255.	The Agricultural Co-operative Loan Co., Ltd.	Feb. 4/05	No. 219
256.	Robertson-Adams Lumber Co.	Feb. 9/05	No. 220
257.	The Alberta Central Land Corporation, Ltd.	Feb.13/05	No. 221
258.	The Kansas Canadian Investment Co.	Feb.22/05	No. 222
259.	Oscar Brown Co., Ltd.	Mar. 4/05	No. 223
260.	Tees and Persse, Ltd.	Mar. 4/05	No. 224
261.	The Williams Piano Co., Ltd.	Mar. 9/05	No. 225
262.	The Northern Trusts Co.	Mar.11/05	No. 226
263.	Telford Lumber Co., Ltd.	Mar.17/05	No. 227
264.	The Canadian-British Land Co., Ltd.	Mar.17/05	No. 228
265.	The Great West Land Co.	Mar.25/05	No. 229
266.	The Supreme Lodge Ancient Order of United Workmen	Apr. 5/05	No. 230
267.	Revillion Brothers, Ltd.	Apr. 8/05	No. 231
268.	Massey Harris Co., Ltd.	Apr.10/05	No. 232
269.	The Winnipeg Fire Assurance Co.	Apr.15/05	No. 233
270.	The Universal Life Assurance Co.	Apr.15/05	No. 234
271.	Colonial Assurance Co.	Apr.22/05	No. 235
272.	The United Supply and Contracting Co., Ltd.	Apr.25/05	No. 236
273.	The Victoria Loan and Savings Co.	May 3/05	No. 237
274.	The Great West Saddlery Co. Ltd.	May 5/05	No. 238
275.	The Porto Rico Lumber Co., Ltd.	May 5/05	No. 239

	Name of Company	D.R.	A.N.
276.	The International Lumber and Implement Co.	May 6/05	No. 240
277.	The York Farmers' Colonization Co., Ltd.	May 10/05	No. 241
278.	Foley, Lock and Larson	May 10/05	No. 242
279.	Kent Realty and Investment Co.	May 15/05	No. 243
280.	Sawyer and Massey Co., Ltd.	May 16/05	No. 244
281.	Dominion Plate Glass Insurance Co.	May 17/05	No. 245
282.	The Dowling Milling Co.	June 3/05	No. 246
283.	The H.W. McNeill Co., Ltd.	June 22/05	No. 247
284.	Calgary Brewing and Malting Co., Ltd.	July 3/05	No. 249
285.	The Waterous Engine Works Co., Ltd.	July 4/05	No. 250
286.	Saskatchewan Elbow Wheat Lands Co., Ltd.	July 24/05	No. 251
287.	The Crown Life Insurance Co.	July 27/05	No. 252
288.	The Union Assurance Society	July 29/05	No. 253
289.	The Empire Accident and Surety Co.	July 31/05	No. 254
290.	Royal Crown, Ltd.	Aug. 8/05	No. 255
291.	The Balfour Implement Co.	Aug.12/05	No. 256
292.	The Winnipeg Oil Co., Ltd.	Aug.18/05	No. 258
293.	A. Carruthers Co. Ltd.	Aug.18/05	No. 259
294.	E.N. Moyer Co., Ltd.	Aug.18/05	No. 260
295.	The Trusts and Guarantee Co., Ltd.	Aug.21/05	No. 261
296.	The Stratford Mill Building Co., Ltd.	Aug.28/05	No. 262

	Name of Company	D.R.	A.N.
297.	Canadian Northern Prairie Lands Co., Ltd.	Aug.31/05	No. 263
298.	The Western Canada Settler's Mutual Land Co., Ltd.	Nov. 7/05	No. 1 (Saskatchewan)
299.	Le Credit Foncier Franco-Canadian	Nov.30/05	No. 1 (Alberta)
300.	German American Insurance Co. (The German-American Insurance Company of New York, U.S.A.)	Dec. 5/05 (Dec. 8/05)	No. 2 (Saskatchewan) No. 2 (Alberta)
301.	The Miniota Lumber and Grain Co., Ltd.	Dec.14/05	No. 3 (Saskatchewan)
302.	Vermont Farm Machinery Co.	Dec.26/05	No. 3 (Alberta)

[1] The table attempts to list all official registrations of "foreign" (or extra-Territorial) companies in the N.W.T. area until the end of 1905. The source of the list is the North-West Territories Gazette, and for the last four months of 1905, The Alberta Gazette and The Saskatchewan Gazette.

The definition and regulation of "foreign" companies was carried out in the N.W.T. under Companies and Foreign Companies Ordinances. The first legislation requiring foreign companies to register with the Territorial government was contained in Sections 90 and 91 of the Companies Ordinance ("An Ordinance respecting the Incorporating of Joint-Stock Companies by Letters Patent"), No. 3 of the Ordinances of the North-West Territories of 1886, passed November 16, 1886. Foreign companies were defined as "All Joint Stock Companies or Incorporations incorporated under any law other than this Ordinance or any Act of the Parliament of Canada". Thus, in particular, railways and banks were not required to register.

In the following year, on November 19, 1887, an Ordinance was passed, No. 9 of the Ordinances of 1887, which amended several sections of the Companies Ordinance of 1886, including the above two sections. In effect, the definition of foreign companies was broadened to take in "Insurance Companies licenced by the Dominion Government to do business in Canada". The amended Companies Ordinance became Chapter 30 of the Revised Ordinances of 1888.

On December 19, 1887, assent was given to the first separate Foreign Companies Ordinance ("An Ordinance respecting Foreign Corporations"), No. 32 of the Ordinances of 1897. It became Chapter 63 of the Consolidated Ordinances of 1898. In this Ordinance, foreign companies were defined as "Every company, institution or corporation not incorporated by or under the authority of the Territories or an Act of the Parliament of Canada having effect in the Territories which now or prior to the first day of July, 1898, carried on business in the Territories, having gain for its purpose or object, for the carrying on of which the company, institution or corporation might be incorporated under an Ordinance of the Territories". Under the Ordinance, foreign companies were licenced upon registration. The first licence was granted to "The Wawanese Mutual Insurance Company" (March 18, 1898). In 1900, an amendment was approved as Chapter 13 of the Ordinances of 1900 to the effect that the Foreign Companies Ordinance did not apply to "companies or associations formed for the purpose of insurance against loss or damage by hail, tornadoes, cyclones and hurricanes."

On June 19, 1903, assent was given to a new Foreign Companies Ordinance ("An Ordinance respecting Foreign Companies"), Chapter 14 of the Ordinances of 1903 (First Session). This Ordinance was slightly amended by Chapter 19 of the Ordinances of 1903 (Second Session) and became Chapter 61 of the Ordinances of 1905. A foreign company was here defined as "any company or association incorporated otherwise than by or under the authority of an Ordinance of the Territories for the purpose of carrying on any business to which the legislative authority of the Legislative Assembly of the Territories extends." Under this legislation, foreign companies received a certificate of registration after registering, which, like previous registration processes, required the filing of certain prescribed documents and information. The Ordinance specifically excluded the Hudson's Bay Company. The first certificate of registration was issued to "Imperial Elevator Company" (July 20, 1903).

Thereafter, the Foreign Companies Ordinance was amended by Chapter 4 of the *Statutes of Alberta* of 1909, by Chapter 20 of the *Statutes* of 1908, by Chapter 4 of the *Statutes* of 1911-12, and by Chapter 9 of the *Statutes* of 1913 (First Session). It became "The Foreign Companies Act" ("An Act Respecting Foreign Companies") as Chapter 157 of the *Revised Statutes* of 1922. In 1929, the Foreign Companies Act was repealed and integrated into "The Companies Act, 1929" ("An Act respecting Companies"), which has now become Chapter 60 of the *Revised Statutes* of 1970.

[2] There is some variation, particularly in punctuation and use of the preposition "The" in many company names. Certain variations or actual name changes as occurring in later re-registrations have been placed in parentheses beneath the naim listing.

[3] Where the state authority of the foreign (or original) incorporation has been stated it has been listed. In particular, after the 1903 Ordinance, this information was notably absent from the *Gazette* records. "Imperial" refers to Britain, and Dominion to Canada (Ottawa).

[4] In the case of re-registrations, for whatever reason, the date of re-registration is listed in parentheses beneath the original registration date.

[5] Registrations were given administrative numbers by the *N.W.T. Gazette* beginning in 1903 after the 1903 Foreign Companies Ordinance was approved. They are listed after the appropriate registration date.

Table A.11 **Official Statistics of Strikes and Lockouts in Alberta, 1902 - 1978**[1]

	Alberta Provincial Disputes							Interprovincial disputes affecting Alberta[2]	
				Sectors					
Year	No. of disputes[3]	No. of employees affected[4]	No. of working days lost	Building trades	Coal mining	Manu-facturing	Transport and Other	No. of disputes	Industry or employees affected
1902	1	90 (13)	1,080	1				-	
1903	4	183 (30)	3,990	3			1	-	
1904	1	28 (3)	112			1		2	rail
1905	2	400 (2)	13,000		2			-	
1906	12	1,491 (48)	127,709	5	3	2	2	-	
1907	6	678 (22)	2,556	2	2	1	1	2	coal
1908	3	569 (3)	8,599	1	2			1	rail
1909	6	873 (125)	48,416	3	3			1	coal
1910	6	730 (91)	13,882	3	1	1	1	3	rail
1911	12	1,668 (45)	8,545	6	2	3	1	2	coal, rail
1912	14	3,345 (127)	76,837	7	1	4	2	1	rail
1913	6	1,369 (107)	13,051	3	1	2		1	rail
1914	4	1,077 (9)	17,167	3	1			-	
1915	4	355 (14)	4,103		2	2		-	
1916	4	494 (7)	8,974		2	1	1	-	
1917	17	11,613	330,618	2	13	1	2	-	
1918	31	5,076	55,711	2	26		3	2	post, rail
1919	16	6,098	147,829	2	9	4	1	2	coal, rail
1920	36	8,593	127,019		26	8	2	-	
1921	11	729	6,435	3	5	1	2	-	

Table A.11 (continued)

	Alberta Provincial Disputes			Sectors				Interprovincial disputes affecting Alberta[2]	
Year	No. of disputes[3]	No. of employees affected[4]	No. of working days lost	Building trades	Coal mining	Manufacturing	Transport and Other	No. of disputes	Industry or employees affected
1922	20	10,562	966,842	3	12	3	2	-	
1923	19	3,435	55,267		13		1	-	
1924	9	7,146	1,002,179		8		1	2	post, telegraph
1925	14	3,200	89,756		11	2	1	-	
1926	3	445	4,105		3			-	
1927	5	765	6,371	1	3	1		-	
1928	10	2,743	87,057	3	5	2		-	
1929	3	321	10,142	1	1	1		-	
1930	5	174	2,260	2	3			-	
1931	10	662	5,717		5	1	4	-	
1932	20	3,294	11,783	2	17		1	-	
1933	11	1,235	14,474		10		1	-	
1934	9	519	5,754	1	6	1	1	1	musicians
1935	12	1,870	24,054		7	2	3	-	
1936	14	2,783	20,987	1	11	1	1	1	glass
1937	17	2,413	15,094		12	2	3	-	
1938	11	1,720	9,874		9	1	1	-	
1939	10	1,574	19,043		10			-	
1940	7	882	8,238		7			-	

Table A.11 (continued)

	Alberta Provincial Disputes							Interprovincial disputes affecting Alberta[2]	
				Sectors					
Year	No. of disputes	No. of employees affected[4]	No. of working days lost	Building trades	Coal mining	Manufacturing	Transport and Other	No. of disputes	Industry or employees affected
1941	8	1,451	10,479	3	4		1	-	
1942	17	4,461	7,223	3	12	1	1	-	
1943	41	7,025	33,536	4	36		1	1	coal
1944	19	2,458	7,943		17	1	1	-	
1945	17	2,792	6,260	1	15		1	2	coal, meat-packing
1946	23	9,308	27,871		17	3	3	2	hotel, printing
1947	11	1,243	14,742	1	2	7	1	2	meat packing printing
1948	5	146	1,573	1	1	1	2	1	coal
1949	8	687	4,865		4	3	1	-	
1950	12	1,963	13,643	1	3	1	2	1	rail
1951	9	1,409	8,882		8	1		-	
1952	11	1,666	13,879	2	6	1	2	-	
1953	5	956	2,559		4		1	-	
1954	6	1,032	59,220		1		5	-	
1955	3	225	1,625	2			1	-	
1956	4	1,131	11,935		2	1	1	-	
1957	2	405	2,085		1	1		1	rail
1958	8	1,321	27,570	5	1	1	1	1	rail

Table A.11

	Alberta Provincial Disputes			Sectors				Interprovincial disputes affecting Alberta[2]	
Year	No. of disputes[3]	No. of employees affected[4]	No. of working days lost	Building trades	Coal mining	Manu-facturing	Transport and Other	No. of disputes	Industry or employees affected
1959	5	559	11,090	2	1	1	1	-	
1960	5	1,684	27,610			4	1	-	
1961	8	2,413	17,390	4			4	-	
1962	9	1,073	21,300	5		1	3	-	
1963	7	1,127	23,520			3	4	2	air
1964	2	68	6,300			2		-	
1965	9	1,123	6,170	4	2	2	1	1	post
1966	15	2,350	46,780	7		6	2	2	air, rail
1967	9	1,428	17,920	3		3	3	-	
1968	10	2,279	58,622	3		3	4	1	post
1969	15	2,221	64,000	1	1	7	6	2	air, television
1970	10	2,511	37,160	2		4	4	2	2 post
1971	19	9,773	83,020	6	1	4	8	7	air, communication 3 rail, 2 television
1972	9	932	25,870	1		7	1	6	air, 4 federal employees, television
1973	25	8,405	181,430	6		10	9	6	rail, television 2 air, 2 trucking
1974	44	22,237	203,850	2	4	18	20	8	2 air, 5 federal, post
1975	34	16,979	374,940	11	2	9	12	7	4 post, rail, 2 federal

Table A.11

	Alberta Provincial Disputes			Sectors				Interprovincial disputes affecting Alberta[2]	
Year	No. of disputes[3]	No. of employees affected[4]	No. of working days lost	Building trades	Coal mining	Manufacturing	Transport and Other	No. of disputes	Industry or employees affected
1976	27	7,532	106,910	3	3	13	8	5	air, 7 federal, post, "day of protest"
1977	13	4,819	66,810	2	2	4	5	1	federal
1978	46	20,184	447,897						

[1] Compiled from issues of The Labour Gazette, Ottawa: Department of Labour, and Report on Strikes and Lockouts in Canada, Ottawa: Department of Labour. For details and changes in classification other than those noted here, see the explanatory notes in the latter publication.

[2] Department of Labour Statistics on disputes distinguish between provincial and interprovincial disputes, roughly, between disputes coming under provincial or federal jurisdiction. The former includes for example, building trades, manufacturing, timber, provincial and municipal employees; the latter includes, for example, railway employees on interprovincial lines, postal workers, federal government employees. However, the number of interprovincial disputes or employees involved in interprovincial disputes is not broken down according to the provinces affected. Consequently, under "Interprovincial disputes affecting Alberta" is my estimate of the number of interprovincial disputes in which employees in Alberta were affected, followed by a brief note of the industry or group involved.

[3] The figures from 1902 to 1921 inclusiveare said to include all strikes and lockouts in existence during the year which involved six or more employees and lasted one day or longer. In 1922 the approach was changed to include disputes less than one day in duration (or fewer than six employees) if the time loss involved was ten or more "man working days".

[4] Where the number of firms involved was reported, it is placed in brackets following the figure for the number of employees.

APPENDIX II

Preliminaries I: Defining "Capitalism" and Other Pertinent Terms

In these appendix pages I propose to define certain key concepts, some of which are elaborated further in the main body of the thesis. Original passages in Marx and Lenin have been cited extensively, despite the occasional problem of lengthiness, in order to highlight the textual sources and to avoid cluttering the principal chapters with digressions and citations on basic Marxist theory.

Capitalism has undergone many changes since it first entered on the historical stage and, no doubt, it will see several more before exiting; so we must begin with its essential and distinghishing character--that which has not changed.

As an historical phenomenon, capitalism is here defined in terms of material production, as a mode of production.[1] The capitalist mode of production is a particular type of commodity production, thus wherever capitalist commodity production appears, it can be said that the capitalist mode of production exists. However, it does not follow that if capitalist commodity production exists in any particular economic system, ipso facto, the particular system must be a capitalist system. Several other modes of production have preceded and co-existed with the capitalist mode, notably, the primitive-communal mode, the slave (or "ancient") mode, and the feudal mode. It is only where capitalist commodity production is the predominant mode of production that a particular economic system can be called a capitalist economic system.

Commodities are objects or products (of labour) produced for sale on a market, for exchange--"not as a direct means of subsistance".[2] But not all products are commodities, despite the fact that both have "use-value", that is, that they can satisfy a human need or have "utility". Commodities have both use-value and "exchange-value" (or value), which is value on the market, usually as indicated by a market price. In developing the use-value--exchange-value distinction of classical political economy, Marx elaborated the definition of commodity as follows:

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[1] The "mode of production" is comprised of both 1) the forces of production, that is, the means of production, which includes the objects of labour (raw materials or natural substances, as well as processed inputs) and the instruments of labour (tools, machines, production facilities), and 2) the relations of production, that is, the relations of people to each other and to the means of production, especially with respect to the form of ownership, which arise in the process of production. For a brief exposition of this, and discussion of the dominant role of production in economic development in relation to distribution, exchange, and consumption see: G.A. Kozlov (General Editor), Political Economy: Capitalism, Moscow: Progress Publishers, 1977, Chapter 1; P. Nikitin, Fundamentals of Political Economy, Moscow: Foreign Languages Publishing House, pp. 7-18. For Marx's own well-known summary see: Karl Marx, "Preface" to A Contribution to the Critique of Political Economy, in Karl Marx and Frederick Engels, Selected Works, (In One Volume), London: Lawrence and Wishart, 1968, pp. 182-183.

[2] K. Marx, Capital, Vol. I, p. 325.

> A thing can be a use-value, without having value. This is the case whenever its utility to man is not due to labour. Such are air, virgin soil, natural meadows, etc.. A thing can be useful, and the product of human labour, without being a commodity. Whoever directly satisfies his wants with the produce of his own labour, creates, indeed, use-values, but not commodities. In order to produce the latter, he must not only produce use-values, but use-values for others, social use-values. (And not only for others, without more. The medieval peasant produced quit-rent-corn for his feudal lord and tithe-corn for his parson. But neither the quit-rent corn nor the tithe-corn became commodities by reason of the fact that they were produced by others. To become a commodity a product must be transferred to another, whom it will serve as a use-value, by means of an exchange.) Lastly nothing can have value, without being an object of utility. If the thing is useless, so is the labour contained in it; the labour does not count as labour, and therefore creates no value.[3]

The emergence of commodity production requires the existence of a social division of labour, a social economy. That is, production is social in character since the various parts of the productive process depend on each other and together constitute an organized economic whole or productive system. The classic Marxist definition of commodity production was formulated in Lenin's "On the So-Called Market Question" (1893): "By commodity production is meant an organization of social economy in which goods are produced by separate, isolated producers, each specializing in the making of one product, so that to satisfy the needs of society it is necessary to buy and sell products (which, therefore, become commodities) in the market."[4]

The other main condition for the emergence of commodity production is the existence of some form of private ownership of the products of labour: there occurs an increasing separation of the component elements in the division of labour as private owners of their production. In fact, the very process of exchange itself implies the existence of individuals or groups divided by their ownership who exchange or transfer ownership or entitlement to their products in historically defined ways.

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[3] Ibid., Vol. I, pp. 40-41. Engels noted that it is a misunderstanding of Marx to consider "every product . . . consumed by some one other than its producer . . . a commodity". (p. 41 n.)

[4] V.I. Lenin, Collected Works, Vol. I, p. 93.

Commodity production can be distinguished from natural economy (or "subsistence economy"). In a natural economy, production, including hunting, fishing, gathering, etc., takes place through individual or joint labour not for sale or exchange, but for the individual or joint use (consumption) of the producer(s). In other words, the means of subsistence, to goods needed to survive, are not obtained via exchange or trade.

The earliest pre-capitalist mode of production, the primitive communal mode of production, was predominantly a natural economy, as were the slave and feudal modes of production. However, commodity production first appeared during the course of development of the primitive-communal mode and continued to exist under the slave and feudal modes.[5] "Under this economy society consisted of a mass of uniform economic units, each of which performed all forms of work, beginning with the obtaining of various raw materials and ending with the processing of them for its own consumption."[6] If there was exchange or trade in the natural economy, it normally involved the surplus product and not the subsistence production or a predominant portion of production. It was only under capitalism that commodity production came to dominate the natural economy.

Commodity production has taken two primary forms: simple commodity production and capitalist commodity production. In simple commodity production, as in capitalist commodity production, production takes place for exchange; however, in simple commodity production the production is carried out by owner-producers such as peasants, small farmers, artisans or handicraftsmen, without the exploitation of wage-labour. This distinction between capitalist commodity production and simple commodity production is crucial. Both forms of commodity production are based on private ownership, but as Marx argued there are "the two different kinds of private property, of which one rests on the producers' own labour, the other on the employment of the labour of others."[7]

The roots of capitalist commodity production lie in simple commodity production:

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[5] The particular form of the primitive-communal mode of production is treated briefly in Chapter 6. However, as this thesis is not intended as an incursion into the analysis and history of non-capitalist modes of production, several significant issues, such as the "Asiatic mode" question, are set aside for the time being.

[6] P. Nikitin, op. cit., p. 31.

[7] K. Mark, Capital, Vol. I, p. 765. It is important to note that private property relations under simple commodity production are necessary to establish exchange between producer (seller) and buyer. This does not mean that the establishment of private property relations are necessary between joint producers or between producers who do not have exchange relations. Such was the case, for example, in the development of the fur trade among the Native Peoples.

> The mode of production in which the product takes the form of a commodity, or is produced directly for exchange, is the most general and most embryonic form of bourgeois production. It therefore makes its appearance at an early date in history, though not in the same predominating and characteristic manner as now-a-days.[8]

Simple commodity production has existed in dependent and in peripheral positions within the slave and feudal modes (as well as under the capitalist mode itself); however, it was only after simple commodity production under feudalism was transformed into capitalist commodity production that commodity production became dominant. Thus, while simple commodity production is not itself capitalism and has not existed as a dominant form of production, it did give rise to capitalism: "small-scale production engenders capitalism and the bourgeoisie, hourly, spontaneously, and on a mass scale."[9]

Historically, the two necessary conditions for the development of capitalist commodity production were the accumulation (or concentration) of means of production and the appearance of wage-labour. Similarly, Maurice Dobb writes of capitalism that: "Its historical prerequisite was the concentration of ownership of means of production in the hands of a class, consisting of only a minor section of society, and the consequential emergence of a propertyless class for whom the sale of their labour-power was their only source of livelihood."[10]

Capitalism has at times been defined simply as "private ownership of the means of production" or, in a somewhat more elaborate form:

> . . . a system in which the instruments and appliances, structures and stocks of goods with which production is carried on--in a word capital--are predominantly in private or individual ownership (including in this individuals grouped together as joint-owners in the form of a joint stock company or business corporation, where each person's ownership is separately distinguished in the form of shares). This is sometimes described as " "private enterprise". In slightly more technical language Marx spoke of it as a mode of production in which the means of production are owned by capitalists who constitute a distinct class in society.[11]

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[8] Ibid., Vol. I, p. 82.

[9] V.I. Lenin, Collected Works, Vol. 38, p. 360.

[10] Maurice Dobb, Studies in the Development of Capitalism, New York: International Publishers, 1973 (first edition, 1947), p. 7.

[11] Maurice Dobb, Capitalism Yesterday and Today, London: Lawrence and Wishart, 1958, pp. 5-6.

The emphasis on private ownership of property, such as in the notion of "private enterprize", is essential to understanding capitalism, but by itself this cannot capture the essence of the mode of production. Above all, such an emphasis does not distinguish between simple and capitalist commodity production, nor does it distinguish between forms of private property or property per se:

> Private property, as the antithesis to social, collective property, exists only where the means of labour and the external conditions of labour belong to private individuals. But according as these private individuals are labourers or not labourers, private property has a different character. The numberless shades, that it at first sight presents, correspond to the intermediate stages lying between these two extremes. The private property of the labourer in his means of production is the foundation of petty industry, whether agricultural, manufacturing, or both; petty industry, again, is an essential condition for the development of social production and of the free individuality of the labourer himself. Of course, this petty mode of production exists also under slavery, serfdom, and other states of dependence. But it flourishes, it lets loose its whole energy, it attains its adequate classical form, only where the labourer is the private owner of his own means of labour set in action by himself: the peasant of the land which he cultivates, the artisan of the tools which he handles as a virtuoso. This mode of production pre-supposes parcelling of the soil, and scattering of the other means of production. As it excludes the concentration of these means of production, so also it excludes co-operation, division of labour within each separate process of production, the control over, and the productive application of the forces of Nature by society, and the free development of the social productive powers. It is compatible only with a system of production, and a society, moving within narrow and more or less primitive bounds.[12]

Hence, while simple commodity production and small-scale production can and do exist under capitalism they are not characteristic features of capitalism, indeed, the very opposite is the case. Capitalism necessitates the destruction of simple (petty) commodity production, by ruining the small farmer, independent handicraftsman, and artisan, etc.. Thus, the basic character of capitalism is actually defined by the relation of private ownership of means of production to labour.

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[12] K. Marx, Capital, Vol. I, pp. 761-762. It should be noted that the slave and feudal modes are also characterized by private ownership of means of production.

> Capitalist production is ditinguished from the outset by two characteristic features.
>
> First. It produces its products as commodities. The fact that it produces commodities does not differentiate from other modes of production; but rather the fact that being a commodity is the dominant and determining characteristic of its products. This implies, first and foremost, that the labourer himself comes forward merely as a seller of commodities [his wage-labour], and thus as a free wage-labourer, so that labour appears in general as wage-labour. . . . the relation between capital and wage-labour determines the entire character of the mode of production. . . .
>
> The second distinctive feature of the capitalist mode of production is the production of surplus-value as the direct aim and determining motive of production. Capital produces essentially capital, and does so only to the extent that it produces surplus-value.[13]

In a nutshell, therefore, capitalism can be defined as follows in the classic definition:

> By capitalism is meant that stage of the development of commodity production at which not only the products of human labour, but human labour-power itself becomes a commodity.[14]

There have been a profusion of terms which have been used as ideological substitutes for the term "capitalism", for example, "private enterprize", "free enterprize", "competitive enterprize", "mixed economy", or even "capitalistic economy". Used without precision, which is usually the case, all thees terms can conveniently obliterate the significant distinction between simple commodity production and capitalism, not to mention among competitive capitalism, monopoly capitalism, and state-monopoly capitalism. A term such as "capitalistic economy" simply begs the question.

When capitalism is viewed as a stage in the development of commodity production, it follows that two "turning points" are especially significant. Simply stated:

> . . . in the historical development of capitalism two features are important: 1) the transformation

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[13] Ibid., Vol. III, pp. 879-880. See also Vol. III, p. 266. In this latter passage on the "three cardinal facts of capitalist production", Marx exmphasized 1) "concentration of means in a few hands" which creates "social production capacities", and 2) "Organization of labour itself into social labour: through co-operation, division of labour, and the uniting of labour with natural sciences". In this respect, Marx argued "the capitalist mode of production abolishes private property and private labour, even though in contradictory forms".

[14] V.I. Lenin, Collected Works, Vol. I, p. 93.

> of the natural economy of the direct producers into commodity economy, and 2) the transformation of commodity economy into capitalist economy. The first transformation is due to the appearance of the social division of labour--the specialization of isolated, separate producers in only one branch of industry. The second transformation is due to the fact that separate producers, each producing commodities on his own for the market, enter into competition with one another: each strives to sell at the highest price and to buy at the lowest, a necessary result of which is that the strong become stronger and the weak go under, a minority are enriched and the masses are ruined. This leads to the conversion of independent producers into wage-workers and of numerous small enterprises into a few big ones.[15]

The transformation of commodity economy into capitalist economy, that is, the subordinating and uniting of wage-labour to means of production, marks off the period of "primitive accumulation".

> The capitalist system pre-supposes the complete separation of the labourers from all property in the means by which they can realize their labour. As soon as capitalist production is once on its own legs, it not only maintains this separation, but reproduces it on a continually extending scale. The process, therefore, that clears the way for the capitalist system, can be none other than the process which takes away from the labourer the possession of his means of production; a possession on the one hand that transforms the social means of subsistence and of production into capital, on the other, the immediate producers into wage-labourers. The so-called primitive accumulation, therefore, is nothing else than the historical process of divorcing the producer from the means of production. It appears as primitive, because it forms the prehistoric stage of capital and of the mode of production corresponding with it.[16]

(In this context, accumulation can be taken to mean "a concentration, as well as transfer, of the ownership of titles to wealth,"[17])

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[15] Ibid., Vol. I, p. 93.

[16] K. Marx, Capital, Vol. I, pp. 714-715.

[17] M. Dobb, Studies, p. 179. Under capitalist accumulation, accumulation can be treated more directly as "the conversion of surplus value into capital" (G. Kozlov, op.cit., p. 164) or as Marx elaborated: "Employing surplus-value as capital, recoverting it into capital, is called accumulation of capital" (Capital, Vol. I, p. 579).

Once established "on its own legs", primitive accumulation is superceded by capitalist accumulation. The process of separating the small producer from means of production is continued, but added to it is the separating of the small capitalist from his means of production by larger capitalists. The actual process of separating the small commodity producer and small capitalist from his means of production has taken a variety of forms, including the use of force, and has proceeded at different paces in the various branches of production. Most small commodity producers and small capitalists are bankrupted or "amalgamated" into larger capitals and driven into wage-labour ("proletarianization"). A few petty commodity producers may succeed in achieving a sufficient "critical mass" of accumulated wealth to enter the ranks of the capitalist class or even its higher levels, for example, by the fortune of having more fertile land or richer mineral claims, or by the sharper exploitation of his workers or even his own family, or by collaborating with big capitalists, or by criminal activity. However, vastly greater numbers, both relatively and absolutely, of petty producers and small capitalists are compelled to work part-time or full-time for a wage (or salary[18]) with the final result being the complete divorce of labour from means of production and producer from product--"the annihilation of self-earned private property . . . the expropriation of the labourer".[19]

The fundamental tendency of capitalism is towards "concentration" and "centralization".[20] The concentration of capital is the growth of individual capitals (through the capitalization of profits or surplus value). It leads to a growth in total social capital, and is thus capital accumulation in the strictest sense.[21] The centralization of capital is the amalgamation of already existing capitals into the hands of fewer capitalists. This can take place by the bankrupting or ruin of smaller capitals and their takeover by larger capitals, such as occurs in "mergers" and "consolidations", and by the coalescing or uniting of individual capitals in joint-stock companies and "financial intermediaries" such as banks--"one capitalist kills many".[22]

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[18] A salary can be considered a monthly wage.

[19] K. Marx, Capital, Vol. I, p. 774.

[20] These are laws within the capitalist mode, although they may be seen in specific ways in other modes. Thus, we are here ignoring the most general of economic laws, which apply to all modes of production, notably, the law of the growth of labour productivity and the law of correspondence of the relations of production and the character of the productive forces. See, for example, G. Kozlov, op. cit., pp. 28-30.

[21] For a brief discussion, see ibid., pp. 169-170.

[22] K. Marx, Capital, Vol. I, p. 763.

This process is not one-sided. There are centrifugal as well as centripetal pressures, such as the breaking of capitals in inheritance situations, which counteract concentration and centralization. Nonetheless, the overriding tendency is towards concentration and centralization, which is reflected in the increasingly social (as opposed to individual or private) character of production.

It is this increasingly social character of the forces of production which grows into conflict with ownership relations--social production versus private appropriation--and constitutes the fundamental contradiction of the capitalist mode of production.

> At a certain stage in their development, the material productive forces of society come in conflict with the existing relations of production, or--what is but a legal expression for the same thing--with the property relations within which they have been at work hitherto. From forms of development of the productive forces these relations turn into their fetters. Then begins an epoch of social revolution.[23]

The social embodiment of this contradiction is found in the class struggle, which exists between productive and appropriating classes in all modes of production based on private ownership of means of production and exploitation of human by human, in particular, slavery, feudalism, and capitalism. Thus, Marx makes the famous statement that: "The history of all hitherto existing society is the history of class struggles."[24]

It is beyond the scope of these appendices to run through Marx's treatment of the economic "laws of motion" of capitalism. Matters such as the law of value, theory of surplus value, general law of capitalist accumulation, etc., and their attendant categories will be assumed or, where useful, treated directly in the main body of the thesis.[25] However, because the identification and definition of classes is so basic yet controversial, the next section is presented in order to explain the approach taken in the thesis.

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[23] K. Marx and F. Engels, Selected Works, p. 182.

[24] K. Marx and F. Engels, "Manifestor of the Communist Party", in Selected Works, p. 35.

[25] In addition to the books on Marxist political economy already cited, there are many others available, including: John Eaton, Political Economy: A Marxist Textbook, New York: International Publishers, 1966; L. Leontyev, A Short Course of Political Economy, Moscow: Progress Publishers, 1968; Paul M. Sweezy, The Theory of Capitalist Development, New York: Monthly Review Press, 1968 (first edition, 1942).

Classes and their Socio-Economic Definition

Corresponding to the development of capitalism are the multiplicity of social relations which are created, sustained, and transformed by the process of capitalist production. Class development, in particular, is bound up with capitalist development in that classes are not only formed by the position they occupy in the economy, but they also form the economy by their active role as agents in the making of history. Thus, in terms of economic agency, classes, especially the dynamic struggle among classes and their politico-economic relations, are here recognized as forces, indeed the overriding forces in economic development. (Clearly, this approach is opposed to neoclassical treatments of social or "institutional factors" as the passive receptacles for the "market system" whose chief agents are alleged to be firms, households, and a neutral state.)

> In the social production of their life, men enter into definite relations that are indispensable and independent of their will, relations of production which correspond to a definite stage of development of their material productive forces. The sum total of these relations of production constitutes the economic structure of society, the real foundation, on which rises a legal and political superstructure and to which correspond definite forms of social consciousness.[26]

Perhaps, the best-known Marxist definition of "class" was enunciated by Lenin:

> Classes are large groups of people which differ from each other by the place they occupy in an historically determined system of social production, by their relation (in most cases fixed and formulated in the laws) to the means of production, by the role in the social organization of labour, and, consequently, by the magnitude and mode of acquiring the portion of social wealth of which they dispose. Classes are such groups of people, one of which can appropriate the labour of another owing to the different places they occupy in a definite system of social production.[27]

There has not been a great variety of classes or class formations appearing in Alberta's development, but a few key ones need specific treatment.

In the primitive-communal mode of production, there were no class divisions. Although a social division of labour emerged, defined mainly by sex and age, and chiefs and shamen ("medicine men") also appeared, there were no class divisions per se and, hence, no classes. Thus, for the Native population, band and family constituted the principal economic organizational units.

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[26] K. Marx and F. Engels, Selected Works, p. 182.

[27] V.I. Lenin, Collected Works, Vol. 29, p. 421.

Unfortunately, there is not yet developed a satisfactory, widely accepted nomenclature of all forms of aboriginal social organization, but this thesis ventures to use the terms "Native population", "Native People", "Native Peoples", and "band", Where necessary, I have used the terms "Métis" and "Indian".

"Native population" refers to the entire group of "original", or "aboriginal", or "pre-contact" people and their descendents. It is used interchangeably with "the Native People", although the latter obviously implies a greater social cohesiveness and distinctiveness. "The Native Peoples", on the other hand, recognizes certain historical divisions which have existed among the original people of Canada. A "people" is here not necessarily synonymous with tribe or linguistic group, although it could be so, as for example, "the Cree people" or "the Blackfoot people". It could also refer to an embryonic or developing national group or nation, as for example, "the Inuit people" and "the Dene people".

In Alberta, the term "tribe" was a post-contact ascription, that is, a European or colonial designation, and suffers from unclarity.[28] The term "band" is less laden with a problematic past, but it is more limited in actual application. For practical purposes, I have used the term band to refer to both smaller and larger organizational units. (Family can be considered a basic domestic unit or band sub-group.) In terms of size, bands can range from as small as a few dozen persons to as large as several hundred.

The slave and feudal modes of production did not appear directly in Alberta, consequently, discussion of their corresponding class formations can be omitted here. Although, as will be mentioned in the main body of the thesis, various aspects and vestigial elements of the feudal mode were apparent in Alberta's development, for example, in the Hudson's Bay Company's organization and in the hangovers of English aristocracy and monarchism. But when we come to the capitalist mode considerable discussion is needed.

The two basic classes of the capitalist mode, the representatives of labour and capital, are the proletariat (or working class) and the capitalist class (or bourgeoisie):

> The principal agents of this mode of production itself, the capitalist and wage-labourer, are as such merely embodiments, personifications of capital and wage-labour; definite social characteristics stamped upon individuals by the process of

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[28] For an attempt to discuss some problems in the general use of "tribe" see Morton H. Fried, The Notion of Tribe, Menlo Park, California: Cummings Publishing, 1975.

> social production; the products of these definite social production relations.[29]

Alongside them can exist other classes and strata, but in the history of Alberta there have been no other clearly formed and sustained "third" (or non-basic) classes or strata outside those of the proletariat or capitalist class.

The ruling or dominant class in capitalist society is the capitalist class. This class is created and defined in the process of capitalist development, thus: "the continual tendency and law of the capitalist mode of production is more and more to divorce the means of production from labour, and more and more to concentrate the scattered means of production into large groups, thereby transforming labour into wage-labour and the means of production into capital."[30] Thus, the capitalist class are the owners of capital, who exist by virtue of their private appropriation of surplus value (or profits). Or, as Engels noted: "By bourgeoisie is meant the class of modern capitalists, owners of the means of production and employers of wage-labour."[31]

At least four points need to be mentioned about this definition. Firstly, capital exists in several forms but its most important form is productive (or "industrial") capital. Here the ownership of capital can be taken as synonymous with having private ownership of (or having property in) means of production that is dependent on wage-labour. Thus, it is not ownership of the means of production by itself, but ownership harnessed to wage-labour--capitalist private property--upon which the capitalist class exists as a class. This point is crucial in distinguishing the capitalist class from petty commodity producers such as the small farmer.

> . . . the means of production and subsistence, while they remain the property of the immediate producer, are not capital. They become capital under circumstances in which they serve at the same time as means of exploitation and subjection of the labourer.[32]

Secondly, there are other forms of capital which both pre-date (merchant's capital and usurer's capital) and post-date (finance-capital) the emergence of industrial capital, that is, the capitalist mode of production per se, so ownership of capital in its widest sense cannot be equated with the direct ownership of means of production and exploitation of wage-labour.

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[29] K. Marx, Capital, Vol. III, p. 880.

[30] Ibid., Vol. III, p. 885.

[31] K. Marx and F. Engels, Selected Works, p. 35n.

[32] Ibid., Vol. I, p. 767. A significant if little noticed passage in Marx regarding "farming colonists" is in Theories of Surplus Value, London: Lawrence and Wishart, 1969, Part II, pp. 301-302.

Thus, if the definition of a capitalist is to be treated more broadly than strictly the industrial capitalist, the broadest definition of capitalist would have to be based on ownership of capital, regardless of the type of capital.

Thirdly, since ownership of capital is an aspect of the definition of the capitalist class, some further clarification of the meaning of "capital" is necessary. At the most abstract level, capital is ultimately a social relation, a point perhaps obvious from the discussion of wage-labour and capitalist.

> Capital, land, labour! However, capital is not a thing, but rather a definite social production relation, belonging to a definite historical formation of society, which is manifested in a thing and lends this thing a specific social character. Capital is not the sum of the material and produced means of production. Capital is rather the means of production transformed into capital, which in themselves are no more capital than gold or silver in itself is money. It is the means of production monopolised by a certain section of society, confronting living labour-power as products and working conditions rendered independent of this very labour-power, which are personified through this antithesis in capital.[33]

However, at a more concrete level, and taking into account the different forms of capital, capital can be viewed as a particular form of value (exchange value), that is, capital is "self-expanding value": "Capital manifests itself as capital through self-expansion".[34] Schematically, this appears in the circuits of reproduction of capital.

Merchant's capital:	$M \rightarrow C \rightarrow M^{+}$
Usurer's capital :	$M \rightarrow M^{+}$
Industrial capital:	$M \rightarrow \left.\begin{matrix} M_p \\ L_p \end{matrix}\right\} C \rightarrow M^{+}$

In this schema, M is money or money capital, C is commodities or commodity capital, + is surplus value or profit, → is an exchange relation (buying and selling), M_p is means of production, and L_p is labour-power. Each circuit of capital goes through succeeding phases, ever expanding, for example:

$$M \rightarrow C \rightarrow M^{+} \rightarrow C^{+} \rightarrow M^{++} \rightarrow C^{++} \rightarrow M^{+++} \quad \text{etc.}$$

Thus, the circuits of capital help explain the dynamic element in capitalist development:

> Capital as self-expanding value embraces not only class relations, a society of a definite character resting on the existence of labour in the form

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[33] Ibid., Vol. III, pp. 814-815.

[34] Ibid., Vol. III, p. 354.

> of wage-labour. It is a movement, a circuit-describing process going through various stages, which itself comprises three different forms of the circuit-describing process. Therefore it can only be understood as motion, not as a thing at rest.[35]

Fourthly, the aspect of ownership implies the capitalist exists directly by the private appropriation of surplus value (or profits). The very existence of a capitalist class depends on this private appropriation, and the drive for surplus value is the fundamental, overriding, and unceasing objective of capitalist activity. In this respect, the capitalist must be treated as someone for whom the private appropriation of surplus value is one's means of subsistence or, in other words, that the capitalist is dependent on profit-taking as the primary income.

Several terms can be treated as synonymous with "capitalist class", for example, "business class", "employing class", "boss class", the "owning or propertied class", (although the last can sometimes refer to the "landed artisocracy"--a feudal class), etc.. The term "middle class" is also possible but sometimes used in a confused fashion. Historically, the capitalist class first emerged within European feudal society. Thus, the rising "middle class" was the "middle" class in the sense that it was the class positioned between the feudal aristocracy (landlord class) and the serfs (the labouring class of the time). Today, however, the term is sometimes used to refer to a wide variety of social formations, from the professional or smaller businessman to salaried workers to higher-paid wage-workers , etc., frequently as a conscious effort to obscure major historical trends in capitalist society. Since the term has so often been used arbitrarily, and with the goal of obscuring crucial distinctions, it will not be employed here, although the term "middle strata" will appear.

A more precise and historically rooted concept used to refer to the capitalist class is the "bourgeoisie". The term derives from such roots as "burg", "bourg", and "borough" which refer to town or village. In the feudal period, "bourgeois" came to refer to a citizen or freeman (especially in France" of such a town, that is, someone not bound to the land as a serf, on the one hand, or a gentleman or member of the feudal aristocracy, on the other hand.

> From the serfs of the middle ages sprang the clustered burghers of the earliest towns. From these burgesses, the first elements of the bourgeoisie were developed.
>
> The discovery of America, the rounding of the Cape, opened up fresh ground for the rising bourgeoisie. The East-Indian and Chinese markets, the colonization of America, trade with the colonies, the increase in the means of exchange and in commodities generally, gave to commerce, to navigation, to industry, an impulse never before known, and thereby, to the revolutionary

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[35] Ibid., Vol. II, p. 108.

> element in tottering feudal society, a rapid development.
>
> The feudal system of industry, under which industrial production was monopolized by closed guilds, now no longer sufficed for the growing wants of the new markets. The manufacturing system took its place. The guild masters were pushed on one side by the manufacturing middle class; division of labour between the different corporate guilds vanished in the face of division of labour in each single workshop.
>
> Meantime, the markets kept ever growing, the demand ever rising. Even manufacture no longer sufficed. Thereupon, steam and machinery revolutionized industrial production. The place of manufacture was taken by the giant, Modern Industry, the place of the industrial middle class, by industrial millionaires, the leaders of whole industrial armies, the modern bourgeois.[36]

The term "bourgeois" was originally applied to the class of urban merchants and shop-keepers, but the modern bourgeoisie, as the above passage indicates, emerged with the dramatic growth of industrial capital in the Industrial Revolution. Historically, therefore, the term can be used to refer to merchant capitalists, users, industrial capitalists, etc., the entire panoply of capitalists. Since the capitalist mode has become dominant, so also has the modern bourgeoisie based on advanced industry come to dominate and determine the character of the bourgeoisie as a whole.

> The commercial and interest-bearing forms of capital are older than industrial capital, which, in the capitalist mode of production, is the basic form of the capital relations dominating bourgeois society --and all other forms are only derived from it or secondary: derived as is the case with interest-bearing capital, secondary means that the capital fulfils a special function (which belongs to the circulation process) as for instance commercial capital. In the course of its evolution, industrial capital must therefore subjugate these forms and transform them into derived or special function of itself.[37]

Incidentally, the term "industrial" can be used in two senses, depending on the context. In one sense, industrial is used in contradistinction to "agricultural". In the present context, industrial is used in its broadest sense of "productive": "In the 'categoric' sense the farmer is an industrial capitalist as much as the manufacturer."[38] Marx identified the main branches (or "spheres") of industry with only slight variations as being extractive industry (mining), agriculture (and cattle-raising), manufacturing, and transport.[39]

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[36] K. Marx and F. Engels, Selected Works, pp. 36-37.

[37] K. Marx, Theories of Surplus Value, London: Lawrence and Wishart, 1972, Part 3, p. 468.

[38] K. Marx, Capital, Vol. I, p. 750. See also Vol. II, p. 50: "industrial here in the sense that it comprises every branch of industry run on a capitalist basis."

The other basic class of capitalism is the proletariat. The Oxford English Dictionary reports that the term probably was first used in the Latin ("proletarius") of ancient Rome to refer to the lowest class, possessing no property, and "regarded as contributing nothing to the state but offspring". Although scattered proletarians (or "proles") have existed for many centuries, the modern proletariat as a class emerged with the capitalist mode of production, in particular, with the factory production of the Industrial Revolution. A short definition of this class of "free wage-labourers" is that class of persons who do not own means of production and who must sell their labour-power for wages. Or, as Engels noted: "By proletariat [is meant], the class of modern wage-labourers who, having no means of production of their own, are reduced to selling their labour power in order to live."[40]

Two aspects of this definition deserve special emphasis. Firstly, this class does not own means of production, as does the capitalist and petty commodity producer, hence, the proletariat cannot gain a subsistence by means of its ownership. The only thing which the proletariat "owns" is labour-power, which it must sell (for wages) in order to survive. Both the characteristics of non-ownership of means of produution and wage-labouring together underline the aspect of economic compulsion or necessity. This is useful in separating out from members of the proletariat those individuals who may have "independent means"but may be involved in wage-labour although they are not dependent on wage-labour. It is also useful in observing the transition of various groups of the population into the proletariat--the process of "proletarianization"--where certain individuals, such as small farmers, become increasingly dependent on temporary or part-time, part-year wage-labouring to supplement their incomes, then shift to full-time, part-year wage-labouring, and ultimately to leave farming at least as commercial activity and enter wage-labouring full-time, full-year.

Secondly, the wage-labour is "free" in the limited sense of not being under feudal ties to the land, or other forms of bondage. Of course, the wage-labourer is not free from economic compulsion nor from particular political-legal constraints, such as "back to work" laws, etc.. Freedom here connotes free movement of labour-power as any commodity move "freely" for purposes of exchange in a market. Thus, as Marx wrote:

> Free labourers, in the double sense that neither they themselves form part and parcel of the means of production, as in the case of slaves, bondsmen, etc., nor do the means of production belong to

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[39] See K. Marx, Theories of Surplus Value, Part I, p. 412 and Capital, Vol. III, p. 323 (and Vol. I, p. 673).

[40] K. Marx and F. Engels, Selected Works, p. 35n.

> them, as in the case of peasant-proprietors; they are, therefore, free from, unencumbered by, any means of production of their own.[41]

Prior to the Industrial Revolution (which began about 1760-80), the development of the proletariat was complex, since there were a variety of scattered and heterogenous groups which constituted not so much a class per se as the beginnings of a class. ~~In~~ England, for example, these pre-Industrial Revolution groups included mill-workers, agricultural labourers, miners, domestic workers, journeymen and apprentices.[42] They were referred to by expressions such as "the labouring classes", "the lower orders", "the poor", "the plebs", "the common people", etc., although some of these designations might not be used to refer to all of the groups at one time. It can be noted here that one of the largest of the above groups, journeymen and apprentices, appeared early in Alberta's development as "endentured servants" of the Hudson's Bay Company.

With the Industrial Revolution, the advent of large-scale factory production, there emerged the industrial proletariat, recruited from the ranks of the proletarians mentioned above. A new class was born, the working class (or modern proletariat): "a class always increasing in numbers, and disciplined, united, organized by the very mechanism of the process of capitalist production itself".[43] The industrial proletariat created by the factory production of the Industrial Revolution became "the nucleus of the working class today".[44] Despite a few complications, for our purposes "the working class" can be taken as equivalent to the broad concept of proletariat, or the proletariat as a whole, which includes wage-labourers outside the industrial proletariat. As every class-divided society has a working (or labouring) class and an appropriating (or exploiting) class, the working class or labouring class of capitalism is the proletariat. Thus, in its broadest sense, the working class (and proletariat) includes all non-owners of means of production who are wage-earners. Notably, this treats such sections of workers, as office workers, "professional employees", and agricultural labourers, as members of the working class. However, the industrial proletariat remains the most organized, powerful, and class-conscious section of the working class and its development represents most clearly the social outcome to which wage-labour tends under the capitalist mode of production.

There are two additional class concepts which deserve discussion--"petite bourgeoisie" and "middle strata". During the development of capitalism there have existed not only strata or divisions within the working class, but sections of the population outside the working class yet not strictly part of the capitalist class'--the "middle strata" or "petite bourgeoisie".

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[41] K. Marx, Capital, Vol. I, p. 714.

[42] Jurgen Kuczynski, The Rise of the Working Class, London: Weidenfeld and Nicolson, 1967, Introduction and Chapter 1.

[43] K. Marx, Capital, Vol. I, p. 763.

[44] J. Kuczynski, The Rise of the Working Class, p. 35.

> Capitalism would not be capitalism if the proletariat pur sang were not surrounded by a large number of extremely motley types intermediate between the proletarian and semi-proletarian (who earns his living in part by the sale of his labour-power), between the semi-proletarian and small peasant (and petty artisan, handicraft worker and small master in general), between the small peasant and middle peasant, and so on, and if the proletariat itself were not divided into more or less developed strata, if it were not divided according to territorial origin, trade, sometimes to religion, and so on.[45]

The key defining feature of the petite bourgeoisie (or petty bourgeoisie) and middle (or intermediate) strata, is that while they may be owners of means of production, such as small farmers, handicraftsmen, artists, etc., they do not depend upon exploiting wage-labour. In this sense, they are "self-employed" or "work for themselves" or "on their own (account)". The fact that middle strata do not depend upon wage-labour, does not preclude the use of family help or co-operative arrangements. The crucial factor here is whether or not their ownership of productive property or being a commodity producer depends economically on hiring wage-labour.

The petty bourgeoisie are not capitalists and even suffer mass ruin in the process of capitalist accumulation yet, at the same time, they are often "incipient capitalists" and in direct conflict with the working class. This contradictory position of the petty bourgeoisie in the class structure of most capitalist systems is especially significant in the case of Alberta, where farmers, in particular, have been a considerable force.

> Under capitalism, the small farmer--whether he wants it or not, whether he is aware of it or not--becomes a commodity producer. And it is this change that is fundamental, for it alone, even when he does not as yet exploit hired labour, makes him a petty bourgeois and converts him into an antagonist of the proletariat. He sells his product while the proletarian sells his labour-power. The small farmers, as a class, cannot but seek a rise in the prices of agricultural products, and this is tantamount to their joining the big landowners in sharing the ground-rent, and siding with the landowners against the rest of society. As commodity production develops, the small farmer, in accordance with his class status, inevitably becomes a petty landed proprietor.[46]

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[45] V.I. Lenin, Collected Works, Vol. 31, p. 74.

[46] Ibid., Vol. 22, pp. 95-96.

The term "petty bourgoisie" can be taken as having the same referents as "middle strata" (or "intermediate strata"). The former term is more traditional and laden with connotations, while the latter, which uses the concept of "strata" reflects more accurately the fact that the petty bourgeiosie is not a class as such, but rather several different strata, for example, certain farmers, certain professionals, certain artisans, etc..[47] However, this difference is a matter of nuance. It is quite possible to recognize the heterogenous character of the pettybourgeosie without using any other term, and useful divisions can be drawn within the petty bourgeoisie, for example, between productive and non-productive sections and between urban and rural sections.

Besides its contradictory and heterogenous character, the various sections of the petty bourgeoisie are heavily dependent on the basic classes of capitalism, especially the big bourgeosie, with regard to the control of markets, loan capital, transport, etc.. One group which is highly dependent is the "intelligensia" (professionals, technicians, students). Some of the intelligensia belong directly to the bourgeoisie (many lawyers, engineers, physicians, architects, etc., in "private practice" who hire stenographers, draftspeople, nurses, assistants, etc., or sit on corporate boards as joint-owners). Others, including many technicians, professors, teachers, and members of the "liberal professions" not in private practice, are increasingly wage (and salary) employees, some even belonging to trade unions. Still others--the petty bourgeosie proper--are neither employees nor employers, such as many writers, artists, craftsmen, etc., who sell the products of their mental and/or physical labour as would a typical small commodity producer.

At times there is some confusion in applying the terms petty bourgeosie (or middle strata) to certain lower strata of the bourgeoisie proper. In some small businesses, for instance, the proprietor may depend on hired labour but work a shift or work "alongside" his/her employees. Here the separation of labour and capital may not yet appear complete; however, since the proprietor depends on wage-labour to make profits, the proprietor has entered the ranks of the capitalists, albeit at the lower levels. Despite the proprietor's own direct participation in production, the objective interests of theproprietor in such matters as the level of wages and conditions, and the prices of commodities sold, can be as sharply pitted against those of his/her employees--no matter how small their numbers--as those of big capitalists.

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[47] This is important to note as somewriters characterize the petty bourgeoisie as a class in its own right, and grant to it an autonomy in economic and political activity which does not recognize sufficiently its "intermediary" and dependent role in capitalist development. See, in particular, C.B. Macpherson, Democracy in Alberta: Social Credit and the Party System, especially pp. 221-230.

Preliminaries II: The Stages of Capitalist Development

At the world level, capitalist commodity production appeared as early as the thirteenth and fourteenth centuries in some Flemish towns, Rhineland towns, northern Italian cities, and, to a lesser extent, in France and, somewhat later, in the fifteenth century, in England.[1]

However, capital itself existed long before the appearance of capitalist commodity production--in the forms of merchant's capital and user's capital. In fact, Marx suggests that merchant's capital is "historically the oldest free state of existence of capital".[2] The significance of merchant's capital, which is capital generated in the process of circulation,[3] will be considered in conjunction with the fur trade in Alberta. In itself, merchant's capital is dependent on the given systems (modes) of production which provide the objects (or commodities) of its trade. In contrast to industrial capital, merchant's capital does not by itself transform the mode of production on which it depends; rather it generally acts as an obstacle to change of the existing mode--or a "conservatizing force" by comparison to industrial capital.

This trend is a result of merchant capital's role as a mediator of exchange:

> Since merchant's capital is penned in the sphere of circulation, and since its function consists exclusively of promoting the exchange of commodities, it requires no other conditions for its existence--aside from the undeveloped forms arising for direct barter--outside those necessary for the simple circulation of commodities and money. Or rather, the latter is the condition of its existence. No matter what the basis on which products are produced, which are thrown into circulation as commodities--whether the basis of the primitive community, of slave production, of small peasant and petit bourgeois, or the capitalist basis, the character of products as commodities is not altered, and as commodities they must pass through the process of exchange and its attendant changes of form. The extremes between which merchant's capital acts as mediator exist for it as given, just as they are given for money and its movements. The only necessary thing is that these extremes should be on hand as commodities, regardless of whether production is wholly a production

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[1] See M. Dobb, Studies in the Development of Capitalism, Chapter 4; also,
K. Marx, Capital, Vol. I, pp. 715n and 716n.

[2] K. Marx, Capital, Vol. III, p. 325 and Vol. I, p. 750.

[3] "Merchant's capital is simply capital functioning in the sphere of circulation" (Ibid., Vol. III, p. 279).

> of commodities, or whether only the surplus of the independent producers' immediate needs, satisfied by their own production, is thrown on the market. Merchant's capital promotes only the movement of these two extremes, of these commodities, which are preconditions of its own existence.[4]

While merchant's capital does not revolutionize an existing mode of production upon which it depends, it does tend to affect pre-capitalist modes by turning them increasingly towards commodity production.

> The extent to which products enter trade and go through the merchants' hands depends on the mode of production, and reaches its maximum in the ultimate development of capitalist production, where the product is produced solely as a commodity, and not as a direct means of subsistence. On the other hand, on the basis of every mode of production, trade facilitates the production of surplus-products destined for exchange, in order to increase the enjoyments, or the wealth, of the producers (here meant are the owners of the products). Hence, commerce imparts to production a character directed more and more towards exchange-value.[5]

In the process of merchant capital accumulation, the rule of trade is, "to buy cheap in order to sell dear",[6] which necessitates taking advantage of the differences between cost and sale prices or, in effect, between cost prices.[7] In fact, since the direct control of production is limited, merchant capital tends towards the use of monopoly to ensure cost-price differentials. As Dobb comments on the early development of merchant capital under feudalism:

> In the first place, so much commerce in those times, especially foreign commerce, consisted either of exploiting some political advantage or of scarcely-veiled plunder. Secondly, the class of merchants, as soon as it assumed any corporate forms, was quick to acquire powers of monopoly, which fenced its ranks from competition and served to turn the terms of exchange to its own advantage in its dealings with

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[4] Ibid., Vol. III, p. 325.

[5] Ibid., Vol. III, pp. 325-326.

[6] Ibid., Vol. III, p. 329.

[7] See, for example, ibid., Vol. III, p. 324n.

> producer and consumer. It is evident that this twofold character of commerce at this period constituted the essential basis of early burgher wealth and of the accumulation of merchant capital. The former belongs to what Marx termed "primitive accumulation". . . . The latter may be termed a sort of "exploitation through trade". . .[8]

The lack of development of the market and communications was actually to the advantage of merchant capital, as opposed to separated producers who were unable to exchange beyond their own locales.

> . . . in conditions of primitive communications the existence of narrow local markets, each separate from others, meant that any small change in the volume of purchases or in the quantities offered for sale tended to exert a disproportionately large effect on the market price, so that the temptation to enforce regulations in the interest of those trading between these markets was very great. So long as these primitive conditions continued, so did the chances of exceptional gain for those who had the means to exploit them; and it was only natural that the perpetuation of such conditions, and not their removal, should become the conscious policy of merchant capital. For this reason monopoly was the essence of economic life in this epoch. For this reason also, while the influence of commerce as a dissolvent of feudal relationships was considerable, merchant capital remained nevertheless in large measure a parasite on the old order, and its conscious role, when it had passed its adolescence, was conservative not revolutionary.[9]

In general, while merchant capital retained its tendency to rely on monopoly (actual or enforced) price differentials, particularly by restricting supply in order to drive up prices, industrial capital was inclined to expand its markets through lower costs of production (technological improvements, new means of exploitating labour, larger scales of production, etc.) thus tending to decrease price and increase volume in order to expand. For the latter, merchant monopoly increasingly became a fetter on the expansion of industrial capital. As Dobb writes of the merchant monopoly trading companies:

> Their limitation on the number of those engaging in the trade and their emphasis on favourable terms of trade at the expense of its volume increasingly acted as fetters on the further progress of industrial

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[8] M. Dobb, Studies, p. 88. The term "non-equivalent trade" is also appropriate.

[9] Ibid., p. 89.

> investment and brought them into opposition with those whose fortunes were linked with the expansion of industry. The interests of industry, accordingly, as it developed came to be identified with the assault on monopolies and with the freeing of trade from the shackles of regulation. Yet this repudiation of monopoly was by no means unconditional.[10]

Consequently, the dominance of merchant's capital was seen as stifling economic development:

> . . . wherever merchant's capital still predominates we find backward conditions. This is even true within one and the same country. . . .
>
> The independent and predominant development of capital as merchant's capital is tantamount to the non-subjection of production to capital and hence to capital developing on the basis of an alien social mode of production which is also independent of it. The independent development of merchant's capital, therefore, stands in inverse proportion to the general economic development of society.[11]

The significance of these relations appears most sharply in the colonial economy,[12] as for example, in the fur trade in Canada.

The system of trade dominated by merchant's capital has been characterized traditionally as "mercantilism". However, most theories of mercantilism, especially early theories, tended not to see mercantilism specifically as a trading process which rested upon a definite and developing productive basis. It would be well beyond the bounds of this thesis to discuss this problem, but it should be noted here that when the term "mercantilism" appears it is intended to refer only to a trading system dominated by merchant capital, and not to a mode of production (sometimes erroneously referred to as "merchant capitalism") or to an entire economic system.[13]

The rise of industrial capital, that is, capitalist commodity production per se, radically transformed the feudal mode of production in which it first arose (and, later, the other modes of production with which it came into competition). The transformation took place in two general ways, along two paths of development which were distinguished by the general relationship which existed between merchant capital and industrial capital. Significantly, these two paths are also evident in Alberta during the 19th and 20th centuries, although in a more compressed and advanced form. They are described here by Marx:

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[10] Ibid., p. 193.

[11] K. Marx, Capital, Vol. III, pp. 327-328.

[12] Ibid., Vol. III, pp. 328-329.

[13] See ibid., Vol. III, p. 337; and M. Dobb, Studies, pp. 17-18 and Chapter 5. For more material on mercantilism see Eli F. Heckscher, Mercantilism, London: 1934, 2 Vols; D.C. Coleman (ed.), Revisions in Mercantilism, London: Methenn and Company, 1969.

> The transition from the feudal mode of production is two-fold. The producer becomes merchant and capitalist, in contrast to the natural agricultural economy and the guild-bound handicrafts of the medieval urban industries. This is the really revolutionising path. Or else, the merchant establishes direct sway over production. However much this serves historically as a stepping-stone--witness the English 17th-century clothier, who brings the weavers, independent as they are, under his control by selling their wool to them and buying their cloth--it cannot by itself contribute to the overthrow of the old mode of production, but tends rather to preserve and retain it as its precondition. The manufacturer in the French silk industry and in the English hosiery and lace industries, for example, was thus mostly but nominally a manufacurer until the middle of the 19th century. In point of fact, he was merely a merchant, who let the weavers carry on in their old unorganised way and exerted only a merchant's control, for that was for whom they really worked. This system presents everywhere an obstacle to the real capitalist mode of production and goes under with its development. Without revolutionizing the mode of production, it only worsens the conditions of the direct producers, turns them into mere wage-workers and proletarians under conditions worse than those under the immediate control of capital, and appropriates their surplus-labour on the basis of the old mode of production.[14]

Hence, the dominance of the capitalist mode can be seen as arising along two general routes. In the one, less fettered by merchant capital, the independent small (commodity) producer (independent artisan, small guildmaster, peasant proprietor, etc.) gradually expands production for the market and grows increasingly dependent on wage-labour, thus becoming a capitalist. In the other, the merchant enters directly into the control of existing forms of production and becomes a merchant-manufacturer or capitalist. Both processes, particularly the first, hastens the development of capitalist relations. However, only the first establishes capitalist production as a dominant and irreversible force rather than as a subordinate or sporadic phenomenon. Thus, while capitalist production appeared as early as the 13th century, "the capitalistic era dates from the

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[14] K. Marx, Capital, Vol. III, pp. 334-335.

16th century."[15]

The period leading to the establishment of the capitalist mode was the era of "primitive accumulation"--"the prelude to the history of capital".[16] However, the practice of primitive accumulation has continued to the present (together with capitalist accumulation) as a less generalized process, especially in colonial and backward areas. A "classic" example of primitive accumulation was the English "enclosure movement", which involved the forced separation of peasantry from their lands, and accomplished a fundamental condition of capitalist development, the separation of the producer from one's means of production.

> The prelude of the revolution that laid the foundation of the capitalist mode of production, was played in the last third of the 15th, and the first decade of the 16th century. A mess of free proletarians was hurled on the labour-market. . .[17]

The process of primitive accumulation was accomplished with enormous violence and treachery against the direct producers not only in the centres of capitalist development such as England but also in the colonial system. In this regard, the rise of the world market in the late 14th century was a major indication on the capacity and appetite for expanded accumulation which was emerging in the centres of capitalist development in Europe.

> The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren for the commercial hunting of black-skins, signalised the rosy dawn of the era of capitalist production. These idyllic proceedings are the chief momenta of primitive accumulation. On their heels treads the commercial war of the European nations, with the globe for a theatre. It begins with the revolt of the Netherlands from Spain, assumes giant dimensions in England's Anti-Jacobin War, and is still going on in the opium wars against China, &c.
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> The different momenta of primitive accumulation distribute themselves now, more or less in chronological order, particularly over Spain, Portugal, Holland, France, and England. In England at the end of the 17th century, they arrive at a systematical combination,

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[15] Ibid., Vol. I, p. 715. See also, ibid., Vol. I, pp. 718 and 750.

[16] Ibid., Vol. I, p. 762. ". . . the transformation of the individual and scattered means of production into socially concentrated ones, of the pigmy property of the many into the huge property of the few, the expropriation of the great mass of the people from the soil, from the means of subsistence, and from the means of labour".

[17] Ibid., Vol. I, p. 718.

> embracing the colonies, the national debt, the modern mode of taxation, and the protectionist system. These methods depend in part on brute force, e.g., the colonial system. But they all employ the power of the State, the concentrated and organised force of society, to hasten, hothouse fashion, the process of transformation of the feudal mode of production into the capitalist mode, and to shorten the transition. Force is the midwife of every old society pregnant with a new one. It is itself an economic power.[18]

While primitive accumulation was superceded by the "normal" process of capitalist accumulation during the time of the Industrial Revolution, its predations continued and were even extended in different territories, periods, and forms. In Canada, the process of primitive accumulation continued long after the 16th and 17th centuries, most obviously in the usurping of Native land. During the main era of primitive accumulation merchant capital dominated development leaving an especially deep imprint on the colonial economies.

> In the pre-capitalist stages of society commerce ruled industry. In modern society the reverse is true. Of course, commerce will have more or less of a counter-effect on the communities between which it is carried on. It will subordinate production more and more to exchange-value by making luxuries and subsistence more dependent on sale than on the immediate use of the products. Thereby it dissolves the old relationships. It multiplies money circulation. It encompasses no longer merely the surplus of production, but bites deeper and deeper into the latter, and makes entire branches of production dependent upon it. Nevertheless this disintegrating effect depends very much on the nature of the producing community.
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> So long as merchant's capital promotes the exchange of products between undeveloped societies, commercial profit not only appears as outbargaining and cheating, but also largely originates from them. Aside from the fact that it exploits the difference between the prices of production of various countries (and in this respect it tends to level and fix the values of commodities), those modes of production bring it about that merchant's capital appropriates an overwhelming portion of the surplus-product partly as a mediator between communities which still substantially produce for use-value, and for whose economic organisation the sale of the portion of their product entering circulation, or for that matter any sale of products at their value, is of secondary importance . . . . Merchant's capital, when it holds a position of dominance, stands everywhere

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[18] Ibid., Vol. I, p. 751.

> for a system of robbery, so that its development among the trading nations of old and modern times is always directly connected with plundering, piracy, kidnapping slaves, and colonial conquest; as in Carthage, Rome, and later among the Venetians, Portuguese, Dutch, etc..[19]

The ending of the dominance of merchant capital in general, including its feudal allies, is the history of the rise of industrial capital. In particular, three principal stages have appeared in the development of industrial capital, in the form of capitalist production.

The first stage was that of "capitalist simple co-operation". Co-operation is defined as follows: "When numerous labourers work together side by side, whether in one of the same process, or in different or interconnected processes, they are said to co-operate, or to work in co-operation".[20] In this regard, co-operation generally requires that wage-labourers be brought together in one place, or at least be under the central control of the capitalist or the capitalist's hired supervisors or management. Thus, while in some productive activities the labourer, such as the artisan or craftsman, may perform functions similar to that of the simple commodity producer (and even be paid a piece-rate), capitalism implies the direct control of the producers and products by the capitalist:

> . . . the subjection of labour to capital was only a formal result of the fact, that the labourer, instead of working for himself, works for and consequently under the capitalist. By the co-operation of the numerous wage-labourers, the sway of capital develops into a requisite for carrying on the labour-process itself, into a real requisite of production. That a capitalist should command on the field of production, is now as indispensable as that a general should command on the field of battle.[21]

Co-operation is characteristic of all capitalist production, but simple co-operation, as such, is the earliest stage of capitalist production. It is differentiated from later stages in that there was little or no division of labour among the wage-labourers. It was differentiated from simple commodity production in that there was a comparatively large number of labourers employed at one time and at one place, or at least in the same field of labour.[22] The joint labour of simple co-operation, despite the relative absence of division of labour, is more productive than the separated labour of individual simple commodity producers, through intensified competition, emulation, and supervision. Moreover, in the case of the common workshop, economies of scale can be achieved in terms of such "fixed costs" as building maintenance and heating. As well, certain productive tasks cannot be achieved but by co-operation.

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[19] Ibid., Vol. III, pp. 330-331.

[20] Ibid., Vol. I, p. 325.

[21] Ibid., Vol. I, p. 330.

[22] Ibid., Vol. I, p. 322.

> On the one hand, co-operation allows for work being carried on over an extended space; it is consequently imperatively called for in certain undertakings, such as draining, constructing dykes, irrigation works, and the making of canals, roads and railways. On the other hand, while extending the scale of production, it renders possible a relative contraction of the arena. This contraction of arena simultaneous with, and arising from, extension of scale, whereby a number of useless expenses are cut down, is owing to the conglomeration of labourers, to the aggregation of various processes, and the concentration of the means of production.[23]

The development of co-operation gives rise to a social productive power which is greater than the sum of its parts, the individual or isolated producer--"the collective power of masses".[24]

The second stage is "manufacture" or the "manufactory stage" of capitalism. This stage is characterized by the emergence of a division of labour among wage-labourers, and is the first form of large-scale industry. Manufacture originated along two general paths. In the first, wage-labourers of different handicrafts were assembled together under the control of a single capitalist to produce a commodity. The production of a commodity (such as a carriage) became increasingly specialized and the old handicrafts involved (such as wheelright, upholsterers, glaziers, gilders, etc.) emerged in new forms as detail workers in the particular process of production. The second path followed most directly from simple co-operation. Out of the joint labour of several wage-labourers doing the same activity emerged a division of labour where each became increasingly specialized in the process of production. With the existence of simple co-operation, the differences in skill levels and capacity among workers became more evident, thus enabling the capitalist to increase productivity by ordering workers to do particular jobs which they could perform better relative to their co-workers. The net result, along both paths, was the emergence of a system of capitalist co-operation based upon division of labour and using manual or handicraft-type techniques.

The division of labour in capitalist co-operation took two forms. In "heterogeneous manufacture" there is a fitting together of partial products made independently, such as in the production of a watch by a variety of detail workers (mainspring makers, dial makers, spiral spring workers, jewelled hole makers, etc.).[25] Here only a few parts pass through the hands of several wage-labourers and in some cases the detail workers work in their own homes. In "serial manufacture", the more developed form of manufacture, production takes place through a series of connected phases such as on the wire in the manufacture of needles. The latter is exemplified in modern "production line" organization.

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[23] Ibid., Vol. I, pp. 328-329.

[24] Ibid., Vol. I, p. 326.

The main era of manufactory production extended in England from the 16th century to the last third of the 18th century, that is, until the Industrial Revolution.[26] However, it has persisted since that time in subordinate positions to factory production, especially in less developed economies or regions. The significant advance made by manufactory production is in its developing the forces of production through division of labour--specialization. Corresponding to the specialization in labour there also occurred a specialization in tools (hand tools as distinct from machine tools). A great variety of new, specialized tools appeared, which reflected the growing division of labour, and this in turn enhanced the productivity of labour.[27]

The third stage of capitalist development in industry was the "factory stage". As distinct from manufacture ("hand" factory production), factory production--or "machinofacture"--was based on the use of machines in the production process. Both tools and machines are instruments (means) of production, but there are striking differences between the two. Machines originated in hand tools:

> On a closer examination of the working machine proper, we find in it, as a general rule, though often, no doubt, under very altered forms, the apparatus and tools used by the handicraftsman or manufacturing workman; with this difference, that instead of being human implements, they are the implements of a mechanism or mechanical implements. . . . The distinction between these tools and the body proper of the machine, exists from their very birth; for they continue for the most part to be produced by handicraft, or by manufacture, and are afterwards fitted into the body of a machine, which is the product of machinery. The machine proper is therefore a mechanism that, after being set in

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[25] Ibid., Vol. I, p. 342.

[26] Some writers further divided this period into two phases, from the 16th to mid-17th centuries, and from the mid-17th to 18th centuries. See, for example, Alexander Chistozvonov, "Stage and Regional Study of Bourgeois Revolution in Europe",
E.J. Hobsbawm, "The Crisis of the Seventeenth Century", in Crisis in Europe, 1560-1660: Essays from Past and Present, edited by Trevor Aston, London: Routledge and Kegan Paul, 1970 (first edition, 1965), pp. 5-58; E.J. Hobsbawm, "The Seventeenth Century in the Development of Capitalism", Science and Society, Vol. XXIV, No. 2, Spring 1960, pp. 97-112.

[27] K. Marx, Capital, Vol. I, p. 341.

> motion, performs with its tools the same operations that were formerly done by the workman with similar tools.[28]

In this context, Marx considered fully developed machinery to have three essential parts, the motor mechanism, the transmitting mechanism, and the tool or working machine.[29] Some consider that a fourth part, a control and regulating mechanism, has been added as a result of the mechanization and automation processes during this century.[30]

The rise of machine production initiated a revolution in the capitalist mode of production--the Industrial Revolution. The enormous leap in the productivity of labour, based on both the division of labour and machinery, transformed existing forms of production. The feudal mode of production and other precapitalist modes which remained were swept aside and merchant capital was subordinated to industrial capital.

The birthplace of the Industrial Revolution was in England, particularly in the cotton industry centred in Manchester. There is some debate on the precise period of the industrial revolution, but it began between about 1760 and 1780, or the last third of the 18th century as suggested by Marx,[31] and ended in about the 1840s or mid-19th century.[32] So significant was the Industrial Revolution that it was sometimes characterized as the advent of "Modern Industry" or "Mechanical Industry" or "Modern Mechanical Industry".[33] Marx considered it in a narrow sense to be capitalist production proper, and at times even refers to the earlier stages as "capitalistic".

The "logical" outcome of the Industrial Revolution was the production of machines by machines. This completed the Industrial Revolution by about the mid-19th century.

> Modern Industry had therefore itself to take in hand the machine, its characteristic instrument of production, and to construct machines by machines. It was not till it did this, that it built up for itself a fitting technical foundation, and stood on

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[28] Ibid., Vol. I, pp. 373-374.

[29] Ibid., Vol. I, p. 373.

[30] G.A. Kozlov (ed.), op. cit., pp. 143-144.

[31] K. Marx, Capital, Vol. I, p. 326.

[32] For more discussion on the dating and character of the Industrial Revolution see, M. Dobb, Studies, Chapter 7; E.J. Hobsbawm, Industry and Empire, Harmondsworth, England: Penguin Books, 1972 (first edition, 1968); D.S. Landes, The Unbound Prometheus, Cambridge: Cambridge University Press, 1969; T.S. Alston, The Industrial Revolution, 1760-1830, London: Oxford University Press, 1977 (first published, 1947).

[33] K. Marx, Capital, Vol. I, p. 377.

> its own feet. Machinery simultaneously with the increasing use of it, in the first decades of this century, appropriated, by degrees, the fabrication of machines proper. But it was only during the decade preceding 1866, that the construction of railways and ocean steamers on a stupendous scale called into existence the cyclopean machines now employed in the construction of prime movers.[34]

With respect to the relations between merchant and industrial capital, the rise of "Modern Industry" was the underlying force leading to the breaking of the merchant trading monopolies of Britain's international commercial and colonial system. It is significant that the American Revolution (1775-1783) succeeded during this period, and that the most celebrated treatise against "mercantilism", Adam Smith's Wealth of Nations (1776), was also published during this period. From its peak of power in the mid-18th century, the era of merchant monopoly declined and, at the world level, came to an end in the 1840s with the so-called "victory of free trade" in England.

With the rapid advance of factory production, earlier forms of the capitalist mode were competed out of existence or subordinated. In this sense, "Modern Industry became technologically incompatible with the basis furnished for it by handicraft and manufacture."[35] Furthermore, the emergence of factory production set in motion a chain of impacts in different economic sectors, particularly transport and communication, which in turn had their own impacts:

> But more especially, the revolution in the modes of production of industry and agriculture made necessary a revolution in the general conditions of the social process of production, i.e., in the means of communication and of transport. In a society whose pivot, to use an expression of Fourier, was agriculture on a small scale, with its subsidiary domestic industries, and the urban handicrafts, the means of communication and transport were so utterly inadequate to the productive requirements of the manufacturing period, with its extended division of social labour, its concentration of the instruments of labour, and of the workmen, and its colonial markets, that they became in fact revolutionised. In the same way the means of communication and transport handed down from the manufacturing period soon became unbearable trammels on Modern Industry, with its feverish haste of production, its enormous extent, its constant flinging of capital and labour from one

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[34] Ibid., Vol. I, pp. 384-385. See also V.I Lenin, Collected Works, Vol. I, p. 105.

[35] Ibid., Vol. I, p. 383.

> sphere of production into another, and its newly-created connexions with the markets of the whole world. Hence, apart from the radical changes introduced in the construction of sailing vessels, the means of communication and transport became gradually adapted to the modes of production of mechanical industry, by the creation of a system of river steamers, railways, ocean steamers, and telegraphs. But the huge masses of iron that had now to be forged, to be welded, to be cut, to be bored, and to be shaped, demanded, on their part, cyclopean machines, for the construction of which the methods of the manufacturing period were utterly inadequate.[36]

Imperialism

The next major stage in the world development of capitalism arose at the turn of this century--imperialism. Since this stage has special significance in the period under discussion in the thesis, the general character of imperialism, or monopoly capitalism, is briefly treated here and further discussion left to the main body of the thesis.

In Imperialism, the Highest Stage of Capitalism: A Popular Outline (1917), V.I. Lenin formulated the classic definition of modern imperialism:

> But very brief definitions, although convenient, for they sum up the main points, are nevertheless inadequate, since we have to deduce from them some especially important features of the phenomenon that has to be defined. And so, without forgetting the conditional and relative value of all definitions, in general, which can never include all the concatenations of a phenomenon in its full development, we must give a definition of imperialism that will embrace the following five of its basic features:
>
> 1) The concentration of production and capital has developed to such a high stage that it has created monopolies which play a decisive role in economic life;
>
> 2) The merging of bank capital with industrial capital, and the creation, on the basis of this "finance capital", of a "financial oligarchy";
>
> 3) The export of capital as distinguished from the export of commodities acquires exceptional importance;

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[36] Ibid., Vol. I, p. 384.

> 4) The formation of international monopolist capitalist associations which share the world among themselves; and
>
> 5) The territorial division of the whole world among the biggest capitalist powers is completed.
>
> Imperialism is capitalism in that stage of development in which the dominance of monopolies and finance capital is established; in which the export of capital has acquired pronounced importance; in which the division of the world among the international trusts has begun; in which the division of all territories of the globe among the biggest capitalist powers has been completed.[37]

The essence of imperialism as a new stage in the development of capitalism is the transformation of free competition into monopoly or, more precisely, the subordination of competition to monopoly. Thus, Lenin's brief definition of imperialism was simply that "imperialism is the monopoly stage of capitalism."[38] Monopoly emerged in four principal areas. Firstly, monopolies arose in industrial production. Secondly, monopolies arose increasingly in the capture of sources of raw material, especially in coal and iron. Thirdly, monopolies arose in banking. Fourthly, monopoly existed in colonial policy. Each of these monopoly trends appeared in the main elements of Lenin's definition.

The first feature of imperialism identified the appearance of monopoly--"big business"--in industrial production. The growth of monopoly results from the continued concentration and centralization of industrial capital to the point where a few massive enterprises control the production of commodities for key markets. (In this context, monopoly can be treated as including both the "neoclassical" notions of "monopoly" and "oligopoly".) The appearance of cartels, combines, syndicates, and trusts are indications of the trend towards monopoly. Examples of such monopolies were found in iron and steel, mining, petroleum, cement, electrical industry, etc.. Monopolies had existed previously, often on the basis of state-enforced protection, but these new monopolies were based on capitalist production. Moreover, the extent of monopoly in all decisive economic sectors had risen to such a degree that it constituted a qualitative change in the structure of capitalist relations and in the role of competition.

Historically, this new monopoly stage of capitalism superseded the competitive (or pre-monopoly) stage of capitalism by the beginning of the 20th century. In particular, at the world level, the history of monopolies has the following phases:

> . . . the principal stages in the history of monopolies are the following: (1) 1860-70, the highest stage, the apex of development of free competition; monopoly is in the barely discernible, embryonic stage. (2) After the crisis of 1873, a lengthy period of development of car-

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[37] V.I. Lenin, Collected Works, Vol. 22, pp. 266-267.

[38] Ibid., Vol. 22, p. 266.

> tels; but they are still the exception. They are not yet durable. They are still a transitory phenomenon. (3) The boom at the end of the nineteenth century and the crisis of 1900-03. Cartels become one of the foundations of the whole of economic life. Capitalism has been transformed into imperialism.[39]

The second feature identified the emergence of monopoly in banking and the merging of bank capital and industrial capital to form finance capital. Through the concentration and centralization of capital, banks came to have control over most of the money capital of society. However, the "merging process" itself does not imply the dominance of either bank or industrial capital. In some situations, bank capital dominates, that is, banks through their financial power take control of or establish industrial enterprises. (This form has been most typical in Canada, where the banking sector has been more highly developed than the industrial sectors, for example, with the Bank of Montreal's involvement in the C.P.R..) In other situations, industrial enterprises, through the control of their own capital, have established banking and credit institutions. In still other situations, one of the previous two paths is followed, but in the course of uneven development of the banking and industrial sides, the balance of interests may shift from one side to the other before the formation of a stable financial oligarchy emerges. In short, while the merging process is everywhere apparent, the particular form of the coalescence is a specific historical question depending on a variety of circumstances.

The coalescence of bank and industrial capital into finance capital creates a new strata or section in the bourgeoisie, the financial oligarchy. This top strata of the bourgeoisie is furthest removed from the immediate process of production and is, in its most developed form, rentier capitalists ("coupon clippers"). Importantly, this finance-capitalist section of the bourgeoisie are not rentiers or coupon-clippers because they own securities but because they maintain overall control of "gigantic industrial-banking complexes" (such as through "holding companies"):[40]

> It is characteristic of capitalism in general that the ownership of capital is separated from the application of capital to production, that money capital is separated from industrial or productive capital, and that the rentier, who lives entirely on income obtained from money capital, is separated from the entrepreneur and from all who are directly concerned in the management of capital. Imperialism, or

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[39] Ibid., Vol. 22, p. 202. Note that in dealing with finance capital Lenin came to a similar conclusion: "Thus, the beginning of the twentieth century marks the turning-point from the old capitalism to the new, from the domination of capital in general to the domination of finance capital." (Ibid., Vol. 22, p. 226.)

[40] S. Menskikov, Millionaires and Managers, Moscow: Progress Publishers, 1973 (first edition, 1969), p. 15. See Chapter 1 for a discussion of the evolution of the financial oligarchy.

> the domination of finance capital, is that highest stage of capitalism in which this separation reaches vast proportions. The supremacy of finance capital over all other forms of capital means the predominance of the rentier and of the financial oligarchy; it means that a small number of financially "powerful" states stand out among all the rest. The extent to which this process is going on may be judged from the statistics on emissions, i.e., the issue of all kinds of securities.[41]

The third feature identified as an essential feature of imperialism is the relative importance of the export of capital as distinct from the export of goods. As a result of the enormous growth of capital accumulation following on the Industrial Revolution--indeed, a "superabundance of capital"[42]--there emerged the possibility of the export of capital to more profitable less developed countries (and also to more profitable areas of other advanced countries):

> In these backward countries profits are usually high, for capital is scarce, the price of land is relatively low, wages are low, raw materials are cheap. The export of capital is made possible by a number of backward countries having already been drawn into world capitalist intercourse; main railways have either been or are being built in those countries; elementary conditions for industrial development have been created, etc.. The need to export arises from the fact that in a few countries capitalism has become "overripe" and (owing to the backward state of agriculture and the poverty of the masses) capital cannot find a field for "profitable" investment.[43]

One result of the export of capital is the expanded extraction of economic surplus (surplus value)--"super-profits"--from the areas of "investment" to the leading imperialist countries who appear increasingly as "rentier states" or "usurer states": "The world has become divided into a handful of usurer states and a vast majority of debtor states".[44] At the same time, and in a contradictory fashion, the export of capital creates conditions for the emergence of rival capitalist development.

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[41] V.I. Lenin, Collected Works, Vol. 22, pp. 238-239.

[42] Note that the "overproduction of capital" is a matter related to Marx's overproduction explanation of depression crises. "If capital is sent abroad, this is not done because it absolutely could not be applied at home, but because it can be employed at a higher rate of profit in a foreign country. But such capital is absolute excess capital for the employed labouring population and for the home country in general. It exists as such alongside the relative over-population, and this is an illustration of how both of them exist side by side, and mutually influence one another." (K. Marx, Capital, Vol. III, pp. 255, 256.)

[43] V.I. Lenin, Collected Works, Vol. 22, pp. 241-242.

> The export of capital influences and greatly accelerates the development of capitalism in those countries to which it is exported. While, therefore, the export of capital may tend to a certain extent to arrest development in the capital-exporting countries, it can only do so by expanding and deepening the further development of capitalism throughout the world.[45]

It should be noted that the export of capital is not necessarily in contradiction with the export of commodities. In fact, capital export can be used as a means of ensuring and encouraging the export of commodities and the control of supplies of raw materials.[46]

The fourth feature identifies the appearance of international capitalist associations, notably international cartels, syndicates, and trusts. As capital export grew, and the costs and dangers of outright competition were proving too serious for the system as a whole, there appeared attempts to form stable "spheres of influence" or mutually agreed areas of monopoly. There were several examples of the forming of international trusts, such as in the electrical industry (involving General Electric and A.E.G.) and in oil (involving Standard Oil's Rockefeller, and Rothschild and Nobel). The emergence of international monopolistic combines was the "logical" extension of the concentration and centralization of capital in the world market. However, as much as there were "truces" arranged between large capitalist monopolies for their mutual advantage, permanent peace was impossible. Capital required expansion for its survival, thus the aggressive tendencies of capital would invariably surface sooner or later, especially during depression (or crisis), and rivalry would break out in one form or other, including militarism and war.

The formation of international monopoly associations, particularly cartels, was closely bound up with the political division of the world. In certain cases, the pressures for the monopolization of new markets and new sources of supply encouraged outright colonial annexation, but once most of the world's territory had been annexed by the colonial powers, this pressure was channelled into aggressive arrangements for redivision of territory--as well as markets and sources of supply.

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[44] Ibid., Vol. 22, p. 277. "Superprofits" were termed such since "they are obtained over and above the profits which capitalists squeeze out of the workers of their 'own' country". (Ibid., Vol. 22, p. 193.)

[45] Ibid., Vol. 22, p. 243.

[46] Ibid., Vol. 22, p. 244.

In order to avoid spurious treatments of this aspect of imperialism, the following is worth considering:

> The capitalists divide the world, not out of any particular malice, but because the degree of concentration which has been reached forces them to adopt this method in order to obtain profits. And they divide it "in proportion to capital", "in proportion to strength", because there cannot be any other method of division under commodity production and capitalism. But strength varies with the degree of economic and political development. In order to understand what is taking place, it is necessary to know what questions are settled by the changes in strength. The question as to whether these changes are "purely" economic or non-economic (e.g., military) is a secondary one which cannot in the least affect fundamental views on the latest epoch of capitalism. To substitute the question of the form of the struggle and agreements (today peaceful, tomorrow warlike, the next day warlike again) for the question of the substance of the struggle and agreements between capitalist associations is to sink to the role of a sophist.[47]

Thus, the fifth essential feature of imperialism identified the completion of the territorial division of the world by the imperialist countries, and the intensified struggle of the leading capitalist countries for redivision of the world. This approach to the phenomenon of imperialism recognizes that colonialism and imperialism have existed long before "modern imperialism", such as ancient Rome or 17th century Britain.[48] The key differences exist in the facts that modern imperialism is based on the capitalist mode of production and that colonial annexation has reached its territorial limits:[49]

> . . . the colonial policy of the capitalist countries has completed the seizure of the unoccupied territories on our planet. For the first time the world is completely divided up, so that in the future only redivision is possible; i.e., territories can only pass from one "owner" to another, instead of passing as ownerless territory to an "owner".[49]

Consequently, a new stage arrived in world history. For the first time, a single economic system--capitalism--came to dominate virtually the entire world. Since the territorial limits of expansion have been reached, rivalry over existing territories of imperialism was intensified, and imperialist expansion took the form of struggles for redivision or repartition of the world.

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[47] Ibid., Vol. 22, p. 253.

[48] Ibid., Vol. 22, p. 260.

[49] Ibid., Vol. 22, p. 254. Lenin considered "unoccupied territories" to be "territories that do not belong to any state". (Ibid., Vol. 22, p.254.)

Historically, the appearance of modern imperialism in the intensification and transformation of colonial development was evident by the beginning of the 20th century.

> . . . the development of pre-monopoly capitalism, of capitalism in which free competition was predominant, reached its limit in the 1860s and 1870s. We now see it is precisely after that period that the tremendous "boom" in colonial conquests begins, and that the struggle for the territorial division of the world becomes extraordinarily sharp. It is beyond doubt, therefore, that capitalism's transition to the stage of monopoly capitalism, to finance capital, is connected with the intensification of the struggle for the partitioning of the world.
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> . . .
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> In the most flourishing period of free competition in Great Britain, i.e., between 1840 and 1860, the leading British bourgeois politicians were opposed to colonial policy and were of the opinion that the liberation of the colonies, their complete separation from Britain was inevitable and desirable. . . . But at the end of the nineteenth century the British heroes of the hour were Cecil Rhodes and Joseph Chamberlain, who openly advocated imperialism and applied the imperialist policy in the most cynical manner![50]

In analyzing the "partition" of the world, the primary emphasis is on colonies because "Colonial possession alone gives the monopolies complete guarantee against all contingencies in the struggle against competitors, including the case of the adversary wanting to be protected by a law establishing a state monopoly."[51] The definition of "colony", in this context, comprises any territory settled, occupied, or conquered by a state based outside the territory, and subject to the control (legal, political, economic, etc.) of that alien state. Both Marx and Engels viewed settlement colonies as 'pure' colonies, but plantation colonies, etc. are also considered colonies. In discussing the theory of colonization Marx noted (in the 1860s):

> We treat here of real Colonies, virgin soils, colonized by free immigrants. The United States are, speaking economically, still only a Colony of Europe.

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[50] Ibid., Vol. 22, pp. 255-156.

[51] Ibid., Vol. 22, p. 260.

> Besides, to this category belong also such old plantations as those in which the abolition of slavery has completely altered the earlier conditions.[52]

However, in addition to "colonies proper" are a number of "transitional forms of state dependence":

> Not only are there two main groups of countries, those owning colonies, and the colonies themselves, but also the diverse forms of dependent countries which, politically, are formally independent, but in fact, are enmeshed in the net of financial and diplomatic dependence, are typical of this epoch. We have already referred to one form of dependence--the semi-colony.[53]

Discussion of the development of Canada and Alberta in relation to imperialism and the characterizing of their particular positions, including forms of state dependence, appear as important elements in the main body of the thesis.

State-Monopoly Capitalism

The continued concentration and centralization of capital led to another stage in the development of the capitalist mode of production--state-monopoly capitalism--which was characteristic of imperialism since World War I and is the latest form of capitalist development. The transition from monopoly to state-monopoly capitalism was the culmination of imperialism, only one step removed from socialism:

> Capitalism in its imperialist stage arrives at the threshold of the most comprehensive socialisation of production; it, so to speak, drags the capitalists, against their will and consciousness, into some sort of a new social order, a transitional one from free competition to complete socialisation.[54]

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[52] K. Marx, Capital, Vol. I, p. 765n. See also: F. Engels letter to K. Kautsky September 12, 1882, in K. Marx and F. Engels, On Colonialism, Moscow: Progress Publishers, 1968 (first edition, 1959), p. 341; D.K. Fieldhouse, The Colonial Empires: A Comparative Survey from the Eighteenth Century. For further discussion of the theory of foreign trade and capital export, see: K. Marx, Capital, Vol. III, Chapters 14 and 15; or, perhaps, D.K. Fieldhouse, The Theory of Capitalist Imperialism, London: Longman, 1977 (first printed, 1967). For Marx's definition of "free colony" see Chapter 9 of the thesis.

[53] V.I. Lenin, Collected Works, Vol. 22, p. 263.

[54] Ibid., Vol. 22, p. 205.

The trend towards state-monopoly capitalism was inherent in the logic of monopoly capitalism itself: "A monopoly, once it is formed and controls thousands of millions, inevitably penetrates into *every* sphere of public life, regardless of the form of government and all other 'details'."[55] But it emerged during World War I when the capitalist system was faced with its first general crisis, that is, an international crisis in which the very existence of capitalism as a system was threatened and the world was split into two rival systems.[56] Lenin first identified the change in 1917. In May of that year he discussed a major resolution on the current situation:

> "The concentration and internationalization of capital are making gigantic strides; monopoly capitalism is developing into state monopoly capitalism. In a number of countries regulation of production and distribution by society is being introduced by force of circumstances. Some countries are introducing universal labour conscription."
>
> Before the war we had the monopoly of trusts and syndicates; since the war we have had a state monopoly. . . .
>
> . . . It is noteworthy that twenty-seven years ago Engels pointed out that to describe capitalism as something that "is distinguished by its planlessness" and to overlook the role played by the trusts was unsatisfactory. Engels remarked that "when we come to the trust, then planlessness disappears", though there is capitalism. This remark is all the more pertinent today, when we have a military state, when we have state monopoly capitalism. Planning does not make the worker less of a slave, but it enables the capitalist to make his profits "according to plan". Capitalism is now evolving into its higher, regulated, form.[57]

In August, 1917, in the Preface to State and Revolution, the same notion appeared:

> The imperialist war has greatly accelerated and intensified the transformation of monopoly capitalism into state-monopoly capitalism. The monstrous oppression of the labouring masses by the state, which is merging more and more with the all-powerful capitalist associations is becoming increasingly monstrous. The advanced countries--we mean their hinterland--

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[55] Ibid., Vol. 22, p. 237.

[56] For certain reasons, this latter aspect will not be treated fully here or in the main body of the thesis. Some discussion can be found in G. Kozlov (ed.), *Political Economy: Capitalism*, Chapter 13.

[57] V.I. Lenin, *Collected Works*, Vol. 24, pp. 305-306.

> are becoming military convict
> prisons for the workers.[58]

> The essence of this new form of capitalism was a "combining of the colossal power of capitalism with the colossal power of the state into a single mechanism and bringing tens of millions of people within the single organization of state capitalism".[59]

The roots of this qualitative change in the role of the state in capitalist development were apparent much earlier with the growth of state ownership and involvement under later competitive and monopoly capitalism. In particular, they were discussed by Engels in Socialism: Utopian and Scientific (1892). By the late 19th century, the rapid advance of the forces of production was more and more in contradiction with existing capitalist property relations. The modern "Trust", the antithesis of "free competition", was appearing, which reflected that the owners of large-scale industry were co-operating increasingly for the regulating of production:

> They determine the total amount to be produced, parcel it out among themselves, and thus enforce the selling price fixed beforehand. But trusts of this kind, as soon as business becomes bad, are generally liable to break up, and on this very account compell a yet greater concentration of association. The whole of the particular industry is turned into one gigantic joint-stock company; internal competition gives place to the internal monopoly of this one company. This has happened in 1890 with the English alkali production . . . .[60]

Here is the pattern of "combination movement", followed by crisis, then by "merger movement", corresponding to phases of the "business cycle".

The absolute growth of monopoly compels the intervention of the capitalist state:

> In the trusts, freedom of competition changes into its very opposite--into monopoly; and the production without any definite plan of capitalistic society capitulates to theproduction upon a definite plan of the invading socialistic society. Certainly this is so far still to the benefit and advantage of the capitalists. But in this case the exploitation is so palpable that it must break down. No nation will put up with production conducted by trusts, with so

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[58] Ibid., Vol. 25, p. 383.

[59] Ibid., Vol. 24, p. 403.

[60] F. Engels and K. Marx, Selected Works, pp. 426-427.

> barefaced an exploitation of the community by a small band of dividend-mongers.
>
> In any case, with trusts or without, the official representative of capitalist society--the state--will ultimately have to undertake the direction of production. This necessity for conversion into state property is felt first in the great institutions for intercourse and communication--the post office, the telegraphs, the railways.[61]

Engels's treatment of the process emphasized the inevitability of increased state ownership and, generally, this has been the case. Referring to the above statement he noted:

> I say "have to". For only when the means of production and distribution have actually outgrown the form of management by joint-stock companies, and when, therefore, the taking them over by the state has become economically inevitable, only then--even if it is the state of today that effects this--is there an economic advance, the attainment of another step preliminary to the taking over of all productive forces by society itself. But of late, since Bismarck went in for state ownership of industrial establishments, a kind of spurious socialism has arisen, degenerating, now and again, into something of flunkeyism, that without more ado declares all state ownerhip, even of the Bismarckian sort, to be socialistic. Certainly, if the taking over by the state of the tobacco industry is socialistic, then Napoleon and Metternich must be numbered among the founders of socialism. If the Belgian state, for quite ordinary political and financial reasons, itself constructed its chief railway lines; if Bismarck, not under any economic compulsion, took over for the state the chief Prussian lines, simply to be the better able to have them in hand in case of war, to bring up the railway employees as voting cattle for the government, and especially to create for himself a new source of income independent of parliamentary voice--this was, in no sense, a socialistic measure, directly or indirectly, consciously or unconsciously.[62]

The early discussion by Engels could be deepened and developed to include other forms of "state intervention", such as in state control of pricing (marketing boards, etc.) and competition, state involvement in research, technology, patents, etc., and in state joint-venture activities with private capitalists and/or other states. However, ownership is still the most decisive form of intervention by the capitalist state. Indeed, one can say that with the growth of state ownership, a new form of capitalist private property came into being. Prior to the rise of factory production, capitalist property tended to take an *individual* form, but later the *joint-stock* (or *corporate*) form arose. Since World War I, the *state-monopoly* form has become wide-spread, typified by the "crown corporation" and the "joint-venture".[63]

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[61] Ibid., p. 427.

[62] Ibid., p. 427.

An important feature of this transformation is that capitalists in managerial functions are increasingly replaced by professional managers--salaried employees. In this sense, the growth of the capitalist mode which (through primitive accumulation) forces out workers, "forces out the capitalists" and makes them superfluous for the actual operation of capitalism.[64] In this respect, the functioning management of theproductive forces is increasingly divorced from ownership, and the qualitative advance of state ownership accelerates the process. Of course, as Engels argued above, this does not, in itself, mean the arrival of socialism, although it could facilitate such a revolution:

> But the transformation, either into joint-stock companies and trusts, or into state ownership, does not do away with the capitalistic nature of the productive forces. In the joint-stock companies and trusts this is obvious. And the modern state, again, is only the organisation that bourgeois society takes on in order to support the external conditions of the capitalist mode of production against the encroachments as well of the workers as of individual capitalists. The modern state, no matter what its form, is essentially a capitalist machine, the state of the capitalists, the ideal personification of the total national capital. The more it proceeds to the taking over of productive forces, the more does it actually become the national capitalist, the more citizens does it exploit. The workers remain wage-workers--proletarians. The capitalist relation is not done away with. It is rather brought to a head. But, brought to a head, it topples over. State ownership of the productive forces is not the solution of the conflict, but concealed within it are the technical conditions that form the elements of that solution.[65]

The transformed role of the state, including in colonial or semicolonial territories, has profound implications for economic development. Its position, which is increasingly at centre stage, becomes, in a sense, the major bulwark of the capitalist class, especially monopoly capital.

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[63] S. Menshikov, *op. cit.*, especially pp. 11-14.

[64] K. Marx and F. Engels, *Selected Works*, pp. 427-428.

[65] Ibid., p. 428.

As the general crisis deepens, accentuated in acute periods such as World War I, the "Great" Depression, and World War II, the "political" and "economic" are increasingly fused together—and seen to be so. The rise of theories of "regulated capitalism", epitomized in Keynesianism, reflects the emergence of state-monopoly capitalism and its need for legitimation, as well as certain limited techniques for "macroeconomic management". Unlike theories of "regulated capitalism", the Marxist tradition maintains that capitalism is incapable of overcoming its fundamental contradiction (between social production and private appropriation) by "regulation" to obtain a "crisis-free" capitalism.

Most modern capitalist economic theories ignore the class nature of the capitalist state, some even going so far as to hold that the state is merely a "neutral" referee or arbiter in the market place.[66] By contrast, some recent theorists, primarily Soviet, of state-monopoly capitalism have tried to develop the analysis of this latest form of capitalism and characterize its essential features. For example, Y. Varga has suggested the following:

> The essence of state-monopoly capitalism is a union of the power of the monopolies with that of the bourgeois state for the achievement of two purposes: 1) that of strengthening the capitalist system in the struggle against the revolutionary movemont within the country and in the struggle against the socialist camp, and 2) of redistributing the national income through the state to the benefit of monopoly capital.[67]

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[66] For further discussion see I.G. Blyumin (ed.), Theories of "Regulated Capitalism", Moscow: Foreign Languages Publishing House, n.d.. Blyumin, for example, writes (pp. 7-8) that: "Present-day economic theories represent an attempt to harmonise bourgeois political economy with the conditions of state monopoly capitalism. It is a direct reflection of the considerably enlarged function of the bourgeois state. However, bourgeois economists completely misrepresent this real tendency. They conceal the basic and decisive fact--connection between the growing state interference in the economy and the all-powerful capitalist monopolies. The apologists are silent about the use of the state machinery by monopolies to intensify the exploitation of workers at home and abroad. They avoid any reference to the use of the government budget by the financial oligarchy as an additional source of high monopoly profits by means of taxes and subsidies. Moreover, they gloss over such typical imperialist practices in foreign expansion in dependent countries as the imposition of oppressive credit terms and harsh conditions of trade, as well as the wresting of other concessions and privileges.

The present-day ideologists of capitalism attribute to the bourgeois state a function entirely alien to it--the management of the whole economy. They sow the illusion among the masses that the state is called upon to correct "the inadequacies" of the automative operation of capitalist mechanism."

[67] Y. Varga, Politico-Economic Problems of Capitalism, Moscow: Progress Publishers, 1968, p. 52.

A recent text has used the following more inclusive approach:

> State-monopoly capitalism combines the strength of the monopolies and that of the state into a single mechanism whose purpose is to enrich the monopolies, suppress the working-class movement and the national liberation struggle, save the capitalist system, and launch aggressive wars.[68]

There are several other areas which would be desirable to discuss in this appendix, in particular, further treatment of the general crisis of capitalism and consideration of the present era (since World War I) of world development as one of transition between capitalism and socialism. However, circumstances make it necessary to leave these sorts of matters for another day.

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[68] G.A. Kozlov (ed.), op. cit., p. 398.

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